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SELECT STANDING COMMITTEE

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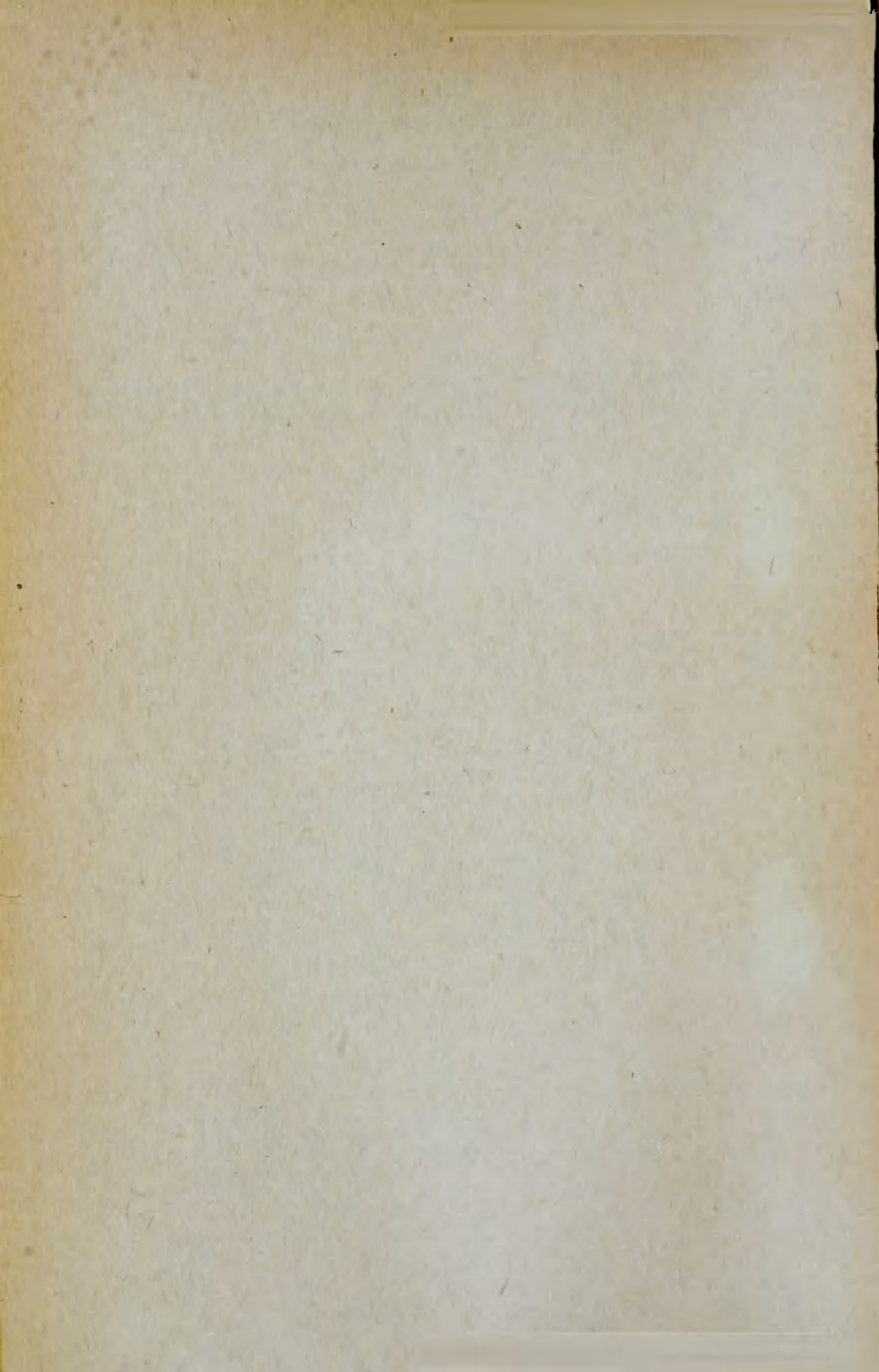
AGRICULTURE AND COLONIZATION

Minutes of Proceedings and Evidence

No. 1--THURSDAY, APRIL 6th, 1922

Mr. H. W. Woods, President Canadian Council of Agriculture.

Mr. James Robinson, President Saskatchewan Co-operative Elevator Company Limited.



SELECT STANDING COMMITTEE ON AGRICULTURE AND COLONIZATION

MINUTES OF PROCEEDINGS

THURSDAY, April 6, 1922.

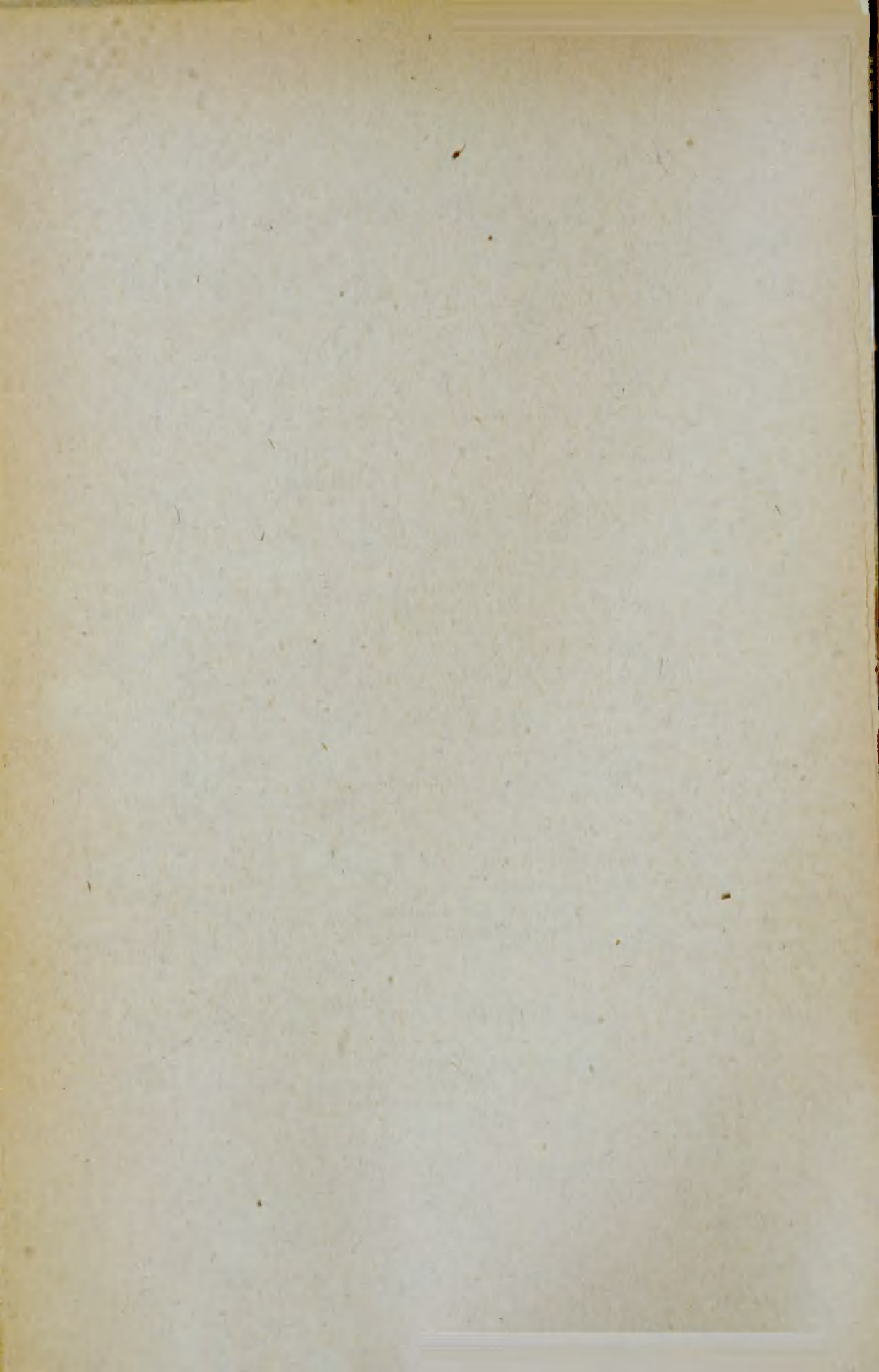
The Committee met at 11 o'clock a.m., present: Messieurs Kay (in the Chair), Anderson, Baldwin, Boucher, Bowen, Brethen, Brown, Caldwell, Campbell, Charters, Clifford, Crerar, Delisle, Denis (St. Denis), Dickie, Duncan, Evans, Fontaine, Forke, Forrester, Fortier, Garland (Bow River), Gauvreau, Good, Halbert, Hubbs, Hunt, Jelliff, Johnson (Moose Jaw), Jones, Knox, Leader, Léger, Lovett, Lovie, MacKelvie, McLean (Prince), McCrea, McKay, McKillop, Malcolm, Millar, Milne, Morin, Morrison, Motherwell, Munro, Papineau, Pritchard, Rankin, Sales, Savard, Séguin, Senn, Sexsmith, Simpson, Sinclair (Oxford), Sinclair (Queens), Stevens, Spence, Stansell, Stein, Stewart (Humboldt), Sutherland, Thompson, Thurston, Tobin, Tolmie, Warner, White, Wilson, Woodsworth.

Mr. H. W. Woods, president of the Canadian Council of Agriculture, was in attendance and gave evidence on the re-establishment of the Canada Wheat Board. Witness retired. It being one o'clock p.m., the Committee rose, to meet again at four o'clock p.m.

Committee reassembled at four o'clock p.m., quorum being present. Mr. James Robinson, president of the Saskatchewan Co-operative Elevator Company, Limited, who was in attendance, was called and gave evidence on the same subject as previous witness. Witness retired. Committee adjourned to meet at eleven o'clock a.m. tomorrow (Friday, April 7, 1922).

ARTHUR GLASIER,

Clerk of Committee.



MINUTES OF EVIDENCE

THURSDAY, April 6, 1922.

The Select Standing Committee on Agriculture and Colonization met at 11 o'clock, the Chairman, Mr. W. F. Kay, presiding.

The CHAIRMAN: The Committee will please come to order.

Gentlemen, the object of our meeting this morning is to hear the representatives of the Council of Agriculture on the memorandum which was presented to the Government and subsequently referred to this Committee on the question of the re-establishment of the Wheat Board.

Mr. Woods and Mr. Robinson of the Canadian Council of Agriculture are present this morning, and I will call upon Mr. Woods first to make whatever remarks he has to make in amplification of the memorandum.

Mr. H. W. Woods: Mr. Chairman and gentlemen: I have not a formal case to present to you this morning. Mr. Lambert presented that in writing to the Government, and I believe you have it. All I desire to do is to make a few informal statements in regard to the conditions that led up to the farmers of Western Canada requesting the re-establishment of the Wheat Board.

The conditions in Western Canada during the last two years have been exceedingly serious from a financial statement. I think I can say without any qualification that during that period all agricultural products have been selling below the cost of production. The farmers are short of money, their security is exhausted, and the situation is exceedingly serious. In fact, the farmers are in a bankrupt condition, and unless there is a change they will be completely bankrupt. Wheat being the principal commodity of the farmers in Western Canada, they determined to ask for the re-establishment of the Wheat Board, because they believe that by selling through that system they will get considerably more for their wheat. The idea has never been that they would be able to arbitrarily fix the price of wheat, but the farmers would be able to negotiate the price and control the flow of wheat and obtain a great deal more money for their crops if the Wheat Board is re-established. In other words, the farmers would be able to get the full value of their crops on the world's market. That is the only thing we hope to be able to accomplish.

The conditions that exist in connection with the selling of wheat are that as soon as the wheat commences to run in full flow—that is, as soon as the farmers all get to threshing and get the wheat rolling—it is rushed to market as rapidly as the farmers can get it there, because they are all being pushed for money. In addition to that, a very large majority of the farmers, on account of being pushed for money, order their wheat sold on arrival, and the commission men have nothing to do but sell that wheat. They have nothing to do with negotiating a price, because they have to sell the wheat at whatever price they can get when the wheat arrives; they are under orders by the owners of the wheat to sell it. The flow is not controlled, and from the settlers' standpoint the price is really not negotiated.

Under the Wheat Board an initial payment was made on the wheat, and the wheat could be put in storage and kept there as long as it was expedient to do so. The flow of wheat was thereby controlled, and there was also this central agency to

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negotiate the sale of the wheat. You then had a sale made by negotiation between the seller and the buyer. Under the present conditions, it is really not so. The buyer has a very great advantage over the seller, and when this flow is so great the buyers can systematically withdraw from the market and depreciate the value of the wheat.

We believe that under the management of an efficient Wheat Board \$25,000,000 would be a very conservative estimate of the increased price that would be received from the sale of an ordinary crop of wheat. We think the operations of the Wheat Board in the selling of the 1919 crop saved to the people of Western Canada at least double that amount. Extraordinary conditions exist not only in the selling of the crop, but also from the standpoint of the consumers, and during these extraordinary conditions we ask for the reinstatement, temporarily, of the Wheat Board. We do not believe that any other method would make it possible to immediately meet these extraordinary conditions that will have to be met if anything is going to be saved to the agriculturists of Western Canada during the next year or two.

I understand there is some objection to this plan from the consumers' standpoint. I would not like to make any arbitrary statement, but I do not believe there is any justification at all—and I will make that statement absolutely arbitrarily—for any apprehension upon the part of the consumers. Under the operations of the old Wheat Board the price of wheat to the Canadian millers was always below the foreign price. We first fixed the value of the price to the Canadian millers at \$2.30 per bushel and there was never any wheat sold to the foreign trade below that price. Practically all of it was sold above that price. The millers, however, can manufacture and sell flour on a very much lower margin under that management, because the price of both wheat and flour is always stabilized.

They do not have to speculate in buying and selling; the price is stabilized to them, assuming, of course, that the board regulates the price of flour. Even then, the price of flour would be stabilized by the stability of the price of wheat, and if the crop of wheat does not bring \$25,000,000 more than it would bring on the open market, I do not think there would necessarily be one cent advance in the price of flour. Besides that, a very large majority of the total amount of wheat is exported, and if you undertook to keep down the price of flour and the price of wheat by an irregular open market, I think you will lose to the producer and to the national wealth \$10 for every dollar you would save to the consumer. I do not think there is any doubt about that. That, to say the least, has not been the policy of the Canadian Government with regard to other products of the nation.

There is another consideration which should be borne in mind. We do not claim that the Wheat Board's selling the wheat at the higher price would solve the financial difficulties of the farmers. It would not, but it would help just that much, and every dollar extra that the farmers would get for their wheat crop for this year and the next couple of years would go immediately into the channels of trade and would help trade itself just that much. Practically speaking, not one dollar could be hoarded. Of course, a great deal of the money thus saved to the farmers would go immediately to paying the debts of the producers, but every dollar that did not go to pay debts would go immediately into the channels of trade and would relieve trade itself to just that extent; whereas under the present conditions the purchasing power of the farmers has been practically destroyed. They are not buying a cent's worth above their actual necessities, and trade can no more escape the effect of the farmers' inability to buy than can the farmers themselves.

Agricultural values have been deflated. The purchasing power of agriculture has been destroyed, and therefore other values have to be deflated before conditions can reach a normal adjustment whereby trade will resume its activities. Every dollar that can be secured to brace up that situation will help. If there cannot be some relief afforded immediately, agricultural production is going to be discouraged. No industry can continue to operate at a loss. It can only continue so far, and

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unless something is done which will afford some assurance that this loss is going to cease to some extent, production will be considerably discouraged. A man came to me before I started down to Ottawa the other day, to give you an instance, and wanted to know what the prospect was of getting this Wheat Board. He says "I am thinking about renting quite a farm out here and putting in quite a bit of wheat." He said "before I decide whether I am going to rent or not I would like to know what would be the chances of getting this Wheat Board." That is just an indication of the feeling among the people. They have got to begin to curtail production. Of course they are all doing that to some extent and will be forced to do it to a greater extent.

Now another objection that has been raised to it is that it is compulsory. Well, I presume it is but what is there that is not? You have a grain market system to-day absolutely compulsory because you have not got any other system just as compulsory as this would be. I don't know anything that is not compulsory. They are passing laws all the time that are compulsory but on the other hand we are meeting a condition that actually exists and it is a very serious condition and it has to be dealt with in a serious way. Now, are we going to proceed in a practical way and deal with conditions that exist? Are you going to proceed along sentimental lines? I don't believe sentimentality will save the situation that the people of Canada are facing at the present time. There is another phase to this question. It has a bearing on it. I don't pretend we are solving any of those problems we are facing by this method but I do claim we will be doing something and doing what we can in a practical way to meet the situation, and that is the matter of immigration.

All over the country people are talking about wanting more people to come in here and one man expressed it "Get tied up to a piece of land," and "tied up" was the expression. What reason can we give for the kind of agricultural immigrants we want to come to this country, to come here under present conditions? What logical reason can we give them for coming here? Why would they come? The farmers that are here are in a most serious condition of distress. They are going behind all the time and why would immigrants come to this country? The best advertisement we would make for immigrants to come to this country, it seems to me is to show some sympathy and some disposition to try to help the people who are already tied up with pieces of land in this country.

Now, to meet this there is quite a bit of propaganda. I have seen some propaganda recently to ignore immigration from the British Isles, to ignore immigration from the States, and go to central Europe and get immigration. These people will come here and succeed. Do we want them? Do we want to recognize conditions in this country, with great stretches of unoccupied fertile lands? Do we want to acknowledge that the conditions of Agriculture are such that we have to go and appeal to the very lowest class of immigrants that there are in the world? I don't think we do.

I do not know that I have anything else I can say to you. We come to you in distress, in absolute distress. I don't know how to describe it but in a financial condition that is exceedingly serious, if not appalling, and we ask you to give us a small measure of relief. It is only a small measure of relief, but we believe it is the only practical thing that can be done at the present time, and we think it is in the interest of agriculture; we think it is in the interest of every legitimate interest there is in Canada, directly to agriculture but just as indirectly to every legitimate economic interest. It may work a hardship in some ways to a very limited number of people, but a very limited number of individuals. It will be beneficial to all legitimate economic interests because every dollar that is brought from a foreign country which you put into the channels of Canadian trade will build up the trade of this country just a dollar's worth, and we insist that this is a practical relief to some extent and we also insist that it is the only possible immediate practical relief in

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regard to the sale of wheat. We ask it as a temporary measure, but we do ask it with all seriousness and with all the force that we have to give us this temporary relief. Gentlemen, I thank you.

The CHAIRMAN: May I ask the speakers to give their names?

Mr. SEXSMITH: Did I understand you to say that on the output of wheat for the year that it would approximately increase the price to about \$25,000,000.

Mr. WOODS: I think that is a conservative estimate.

Mr. SEXSMITH: Would you answer for the instruction of this committee those two questions; first, how will the Wheat Board increase that price, and secondly out of whom does the increase come?

Mr. WOODS: The Wheat Board by centralized selling power, being a centralized selling agent with control of all the wheat they could control the flow of the wheat. They could let the wheat flow just as they think it is advantageous to flow. Under the present system the wheat is all forced on at one time and the selling of this wheat under the new system is directed by thousands of individual farmers, each one selling when his wheat can be sold, instead of that indiscriminate selling direction by thousands of individuals without any chance in the world to know how to direct the selling of his wheat each one of them—this will come into the hands of one central selling agency which could control the flow, and not only that but instead of the commission men going to a man and saying "I have so many carloads of wheat to-day which I have to sell, what do you give me for it?" this man has the control of the storage capacity and he negotiates the sale. The buyer will go to him and say: "I want ten million or twenty million bushels of wheat; what will you sell it to me at?" And then the negotiations take place, intelligent negotiations, and there is just as much strength in the seller as there is in the buyer, because he controls the supply and the wheat is controlled and sold intelligently under the Board. It is not under the direction of several thousand farmers, ninety per cent of whom are being forced by their creditors to sell immediately. That is the only control they have for the selling of their wheat. We have to sell this wheat immediately and get the money.

Now, the creditor is satisfied under the Board because he gets an initial payment and he is satisfied. Then he wants his debtor to get the best price he can. You cannot blame the creditors because they do not know what is going to happen, because here is a man who has so much loaned to another man if the man has the wheat to pay it with. We will assume it is a banker. Good wheat is going down. He says, "Get this on the market just as quick as you can before it goes down." Everybody is trying to save themselves and the buyer is getting the advantage of it.

Mr. SUTHERLAND: What would you suggest as a reasonable initial payment?

Mr. SEXSMITH: We believe this increase does not come out of the consumer.

Mr. WOODS: The price of wheat in Canada is regulated by the foreign price. The wheat consumption is something like forty-five million bushels and the balance of it goes to foreign countries, all except this forty-five million bushels that goes into the home consumption. All of the money for the balance of the wheat comes from foreign countries, from foreign trade. I don't know what the export was this year. There are men here who can tell you, over two or three times as much as the home consumption was, and sometimes a great deal more than that, but it comes primarily from foreign countries and the increased price for the wheat from the consumers' standpoint I think all comes from foreign countries, because I don't think the consumer would pay one cent more for his flour than he would have to pay anyway.

Mr. JOHNSON: Was not the price of flour regulated by the old Wheat Board?

Mr. WOODS: The price of flour was regulated by the old Wheat Board most of the time. Towards the last there was a period in which the price of flour was not regu-

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lated, but if you will compare the price of flour with the price of wheat during the operations of the Wheat Board you will find that the margin between these prices was narrower than it ever was before. I do not think you will find a parallel.

Furthermore, if you will investigate the decline in the price of wheat after the Wheat Board ceased operations and compare that decline in the price of flour from time to time, you will find that the value of wheat decreased very much more rapidly than the value of the flour. I would not make this statement positively, but I think you will find that when wheat had reached a point almost one-third of what it was selling at when the Wheat Board ceased to function, flour had decreased about one-third, about one-half as the price of wheat had decreased.

What was your question, Mr. Sutherland?

MR. SUTHERLAND: It relates to the initial payment under present conditions.

MR. WOODS: Oh, yes. That matter would have to be left to the judgment of the Wheat Board. Wheat, you know, had been selling at \$2.24 a bushel, but on the open market that existed for a week or ten days before the Board was created the price of wheat had gone up 8 cents to 10 cents—I do not remember the exact figure—and some members of the Board thought the initial price should be about \$2.00, while other members thought it should be \$2.20 or \$2.25. They finally agreed on \$2.15, but one or two members of the Board thought that was dangerously near the limit. Perhaps it was just a little higher than it should have been made, I do not know. In fixing the initial price, care should be exercised to fix it low enough that it will not cause a loss at the end of the selling season. That danger must be safeguarded, and I would not like to say in actual figures what would be a safe price at this time. Furthermore, conditions next Fall may be altogether different from what they are at the present time.

MR. BROWN: What did the operations of the Wheat Board cost the country?

MR. WOODS: The operations of the Wheat Board did not cost the country a single cent. On the contrary, the Wheat Board handed to the Dominion Government out of its returns for the sale of wheat about half a million dollars. That amount was not distributed. They could not distribute the final payment down to an exact amount, and I think about half a million dollars was handed to the Dominion Government out of the proceeds of the sale of the 1919 crop.

MR. MCCONICA: Is it not true that under the present arrangement a considerable portion of the wheat that is sold passes into the hands of speculators, and is held there until the consumer requires it or is ready to take it up? Is not that where a considerable proportion of the \$25,000,000 you mentioned goes?

MR. WOODS: I would not undertake to analyze the present system. I do know, however, that the farmers do not get full value for their wheat, and that is the condition I desire to see remedied. I am not trying to evade your question. I simply am not capable of giving expert testimony on that point.

MR. McMURRAY: I am sure many members of this committee do not understand how the old Wheat Board worked, and I think it would help us if Mr. Wood could briefly indicate how the Wheat Board was created, its personnel, its relationship to the Dominion Government and its relationship to the farmers selling the grain. This committee could then receive from Mr. Woods a brief explanation of the present system, and members would then be able to view the two systems in juxtaposition.

MR. SUTHERLAND: I understand, Mr. Woods, that you were a member of the Wheat Board. Surely you are able to furnish an approximate idea of what would be a safe figure to fix as the price for the initial payment at the present time.

MR. WOODS: I really have no intelligent idea under the present system. In the first place, this is the wrong time to consider the fixing of the price—I mean the wrong season of the year—of the initial payment, because we are just winding up

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the sale of the old crop. The sale of the new crop has not begun. The world's supply under the new crop is not yet available. No estimate of the new crop is available. Of course, it would be a very easy matter to fix a safe, logical initial payment in connection with the crop that is just being wound up, because you practically know what would be safe; but how are you going to judge what the initial payment should be in the case of a new crop that is not yet produced? In other words, conditions may arise between now and the beginning of the sale of the new crop that will make the world's supply 25 per cent less than you think it is going to be at the present time. Or, other conditions may develop between this time and that time which will make the world's supply 25 per cent greater. You would have to take these things into consideration at the beginning of the sale of the new crop in order to have any intelligent idea of what a safe price would be. It might be apparent that 75 cents would be as high as you should fix it; on the other hand, conditions may develop between now and then that would justify fixing the price at \$1.00 or \$1.50. You cannot intelligently estimate a safe price before next July or August. All you can estimate at the present time is what would have been a reasonable price at the beginning of the sale of the 1921 crop. You cannot yet estimate the 1922 crop. Canada may next year produce 100,000,000, 300,000,000 or 350,000,000 bushels of wheat. I do not think it is possible to make an intelligent estimate of next year's crop at the present time. I have forgotten your question, Mr. McMurray?

Mr. McMURRAY: I said I felt sure that many members of the committee do not understand how the old Wheat Board operated. I think it would help us if you could briefly indicate how the Wheat Board was created, its personnel, its relationship to the Dominion Government and its relationship to the farmers selling the grain. Then if you could make a comparison between the former and the present systems, I think many members would be better able to consider the question before us.

Mr. WOODS: In order to answer your question fully it would be necessary to have before us the Act creating the old board and the powers given to it, and the regulations governing its operations. I doubt, however, whether any member of the committee desires to occupy our time in that way. Briefly, the board was created and given power to sell the entire Canadian crop of wheat, and to control the sale and handling of that wheat from the time it got into the channels of commerce until it was finally disposed of.

Hon. Mr. ROBB: Did they also control the purchase of the wheat?

Mr. WOODS: In what way?

Hon. Mr. ROBB: Was the producer compelled to sell all his wheat, if he sold any at all?

Mr. WOODS: If he sold any at all, except to his neighbours. As soon as the wheat reached an elevator the Wheat Board controlled it and everything pertaining to it.

Hon. Mr. MOTHERWELL: Except the wheat that went to the United States? There was a certain amount of wheat that went across the border?

Mr. WOODS: That was controlled. The Wheat Board obtained permission from the United States authorities to permit wheat which was located near the border and where it was impracticable for the producer to get it to a Canadian elevator to go across the border. We regulated that wheat, but did not, of course, control its sale. The farmer got all he could for it from the United States buyer.

I do not know the exact figures in regard to the price of flour. If you investigate them I think you will find that while so much fuss was being made about the price of flour, the Canadian consumer purchased his flour during the year at considerably less than the United States consumer purchased it. And that is notwithstanding the fact that they had a very small per cent of high grade wheat, especially the northern grade, and we had a very large per cent.

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Mr. JOHNSON (Moosejaw): Before you leave that point, Mr. Woods, did I understand you to say that the Canadian consumer purchased his flour cheaper than the American consumer did?

Mr. Woods: Yes.

Mr. JOHNSON: Is it not also a fact that the average price received by the Canadian wheat producer was higher than the average price received by the American producer?

Mr. Woods: That is true.

Hon. Mr. ROBB: Is that hard wheat?

Mr. Woods: It applies to total output.

Hon. Mr. ROBB: Hard wheat only?

Mr. Woods: All the wheat of the nation.

Hon. Mr. STEVENS: Does not the hard wheat usually bring a higher price than soft wheat?

Mr. Woods: Usually, yes.

Hon. Mr. STEVENS: I am referring to the general difference between hard and soft wheat.

Mr. Woods: That depends almost entirely on the relative supply. The demand for hard wheat is not primarily for the purpose of making hard wheat flour; it is for blending. The reason that hard wheat went so high in the United States before it did so in Canada was because they put an embargo upon our northern wheat. They raise quite a quantity of northern wheat over there and use it for blending purposes, but in the year 1919 they only had about one-third of the normal supply of that wheat and the government would not let our wheat go in there and they ran their little supply of northern wheat up to a very high level and sold quite a big supply of flour on the basis of the price of that little supply of northern wheat.

Hon. Mr. STEVENS: You said a moment ago the consumer in the United States got his flour cheaper and the farmer in Canada got higher prices for his wheat than the farmer in the United States.

Mr. Woods: You have that wrong. The consumer paid more for his flour in the United States, and the Canadian producer got more for his wheat than the United States' people.

Hon. Mr. STEVENS: This is important information you are giving us now, and will very much affect the consideration of the question later, I think. Can we be supplied with figures upon which you can base that statement, because after all it is facts we are after rather than opinions, and there is no doubt you have that information available.

Mr. Woods: Mr. Stewart and Mr. Riddell or either one of them can supply you with actual facts in every detail in regard to this matter. I would suggest if you want those facts that you have one or both of these gentlemen up here before your committee and they can give you all the facts.

An hon. MEMBER: I would move that these facts be furnished to this committee.

Mr. GARLAND: I would second the motion and I would ask the mover of the motion in order to have no doubt on these questions that both Mr. Stewart and Mr. Riddell appear before the committee.

The CHAIRMAN: I think that motion will come after you have finished with Mr. Woods.

Mr. Woods: The Wheat Board as I said had the control of the entire output of Canadian wheat. They negotiated the sale of all that wheat and they controlled the flow of the wheat. They sold so much at a time. Here is a buyer who had to nego-

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tiate a trade with the Wheat Board. That was the system in a general way. Here is one thing I want to make plain which may be I did not at the beginning. Another function of the Wheat Board was to sell the Canadian miller his requirements of wheat and we were under obligation not to sell it higher than export value. It had to be within the price, the export price and then the miller bought all his wheat from the Wheat Board so there was no price limit at all to the foreign trade. There was a price limit to the domestic trade. We had to give the miller an inside on the foreign value.

Hon. Mr. STEVENS: How much inside, Mr. Woods?

Mr. WOODS: The first price we set for the miller was \$2.30 a bushel. I think there was a lot of wheat sold to the foreign trade for \$2.30. I am not just certain now, but I think there was. I don't know how much, but that price was not raised to the Canadian miller at all, it was raised to \$2.80, raised from \$2.30 to \$2.80 along, I think, in December. I am not certain. But all that time the foreign price had been going up. After the foreign price got up to the level of \$2.80 then we raised the price to the miller to \$2.80 but in the meantime he had been getting the advantage—the miller did not get any advantage at all, but the consumer did get it.

Hon. Mr. STEVENS: How would you operate on a declining market on the same principle?

Mr. WOODS: Just the same as you would on a rising market, only if there was any danger of a declining market you would have to be careful about fixing the price of the initial payment.

Hon. Mr. STEVENS: How would you deal with the mills? You would have to lower it. You sold it to the miller on the rising market when the price was \$2.30 and \$2.80. On a falling market would you do the same way?

Mr. WOODS: In a falling market you would have to fix the price, because we would have to keep inside the price of the foreign value.

Mr. SAVARD: Who get the benefit of the decrease in price? Do the farmers who do not know how to market. If they were crowded to overflowing and they were flooding the market, who gets the profits of the decrease in price in case of the farmer selling the wheat on the market? Is it the speculator? It is the miller or the consumer? If the Wheat Board is asked for the maintenance of a reasonable price, so much the better, but if it is to protect the farmers of the West in the maintenance of the price and cause a restriction of competition we would like to know. In other parts of the country producers are interested as much as the farmers of the West, not on so large a scale perhaps. Tobacco growers are flooding the market. In parts of the province of Quebec it is the same thing with hay, and we would like to know who gets the profits out of the decrease in price. Is it the miller, the speculator or the consumer?

Mr. WOODS: In the first place I will correct one mistake you made at the beginning that we regulate the price. We do not. We regulate the trade and we get the full value of it. Of course, from the producers' standpoint there are no profits in a declining price. It is lost. After the de-control by the Wheat Board wheat kept going down until it got down to one-third of what it was selling at and the farmer was only getting approximately one-third as much as he was when the Wheat Board ceased operations. He did not get any profits, but he got it in the neck alright.

Of course the consumer gets the benefit but as the price to the consumer was declining, and he was taking his loss, the consumer only got the benefit of about, I think, approximately, if you will follow it down, I think you will find that the consumer got the benefit of about one-half of the loss that the producer met. I am not sure about this. I won't make those relations arbitrary, but I think you will find the

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consumer got just about one-half of the benefit that the producer lost. What came of the other I don't know.

Hon. Mr. ROBB: To come back to the price to the miller, starting at \$2.30 you say they did not make and change until it went up to \$2.80. During that period was the price of flour controlled also?

Mr. Woods: Yes.

Hon. Mr. ROBB: So the miller did not get any more?

Mr. Woods: No.

Hon. Mr. ROBB: The flour that the miller exported, did he sell his flour at the same price as the man who was paying \$2.80?

Mr. Woods: You would have to get detailed information in regard to that from Mr. Riddell or Mr. Stewart. In a general way that is the fact. I think I can give you approximately the facts. The Board controlled the price of flour. I think in most cases negotiated all the foreign sales of flour made in Canada, if the millers had flour to sell and they had to get permission to make a foreign sale of flour and the price had to be approved by the Board. If the price was for the domestic flour the Board got the excess. That was the system and the miller was not allowed to take the cheap flour, made out of the cheap wheat that he was getting and compete against our wheat in the foreign market. That was what that was done for, because while we were selling the miller wheat at 25c. or 40c. a bushel below the foreign value of the wheat, of course he could have cultivated a tremendous business by buying that cheap flour and selling it in competition with our own wheat in the foreign market. The sale of foreign flour was fully regulated by the board.

Hon. Mr. STEVENS: Did not that result in compelling several of the mills in Canada to temporarily shut down?

Mr. Woods: No, sir. Some of the small mills got into difficulties, but I think the general feeling of the small millers was that they were protected by the Wheat Board. The secretary of the Ontario Millers' Association—the association of the small millers in Ontario and Eastern Canada—was very anxious to see the operations of the Wheat Board continued, and I believe the workings of the Wheat Board gave protection to the small mills against the large ones.

Mr. SUTHERLAND: You have just stated that you regulated the price of flour?

Mr. Woods: Yes.

Mr. SUTHERLAND: You also regulated the price of the by-products. Upon what basis do you justify having fixed a spread of \$10 between the price of bran and shorts? It resulted in the bran being ground up and disposed of as shorts, because it was sold at \$10 more than the bran was sold at.

Mr. Woods: I do not know what relation of prices was fixed in that connection.

Mr. SUTHERLAND: But there was a spread of \$10 between the two.

Mr. Woods: I do not think there was quite so much spread as that.

Mr. SUTHERLAND: Yes.

Mr. Woods: I do not know the reason for fixing the spread as it was fixed.

Hon. Mr. STEVENS: Do you consider it in the interests of the general business of the country dealing in cereals, both producing and milling, that a Wheat Board constituted as the old Wheat Board was, should have the power to prevent the export of flour as the old Wheat Board did?

Mr. Woods: Well, where they are buying wheat at less than its export value, I think it is. But if they are paying the full export value for wheat there would not be any occasion for it.

[Mr. H. W. Woods.]

Hon. Mr. STEVENS: Permit me to furnish an illustration of my point, because I think this is one of the most important points in connection with this whole matter. I have personal knowledge of an incident which occurred while the old Wheat Board was operating. Several mills—not the largest mills, but moderate-sized mills—had for sale a surplus of flour amounting to about 100,000 barrels, I think. They had a definite sale for that flour in Seattle. There was a very heavy adverse balance of trade against Canada at the time which influenced the rate of exchange to some degree. The Wheat Board absolutely refused to permit those mills to export that 100,000 barrels of flour to the American market where it could have been sold at a very advantageous price. The price was slightly below the Canadian price, but with the added exchange it made a very good transaction. My point is this: is it a good thing to invest a board with the power of regulation that will enable it to control international trade? If so, what reasons for that course can be furnished by Mr. Woods and others who were strongly supporting it?

Mr. Woods: Do I understand you to say that these mills wanted to sell this flour at less than its domestic value?

Hon. Mr. STEVENS: That would hardly be a correct statement, because there was at that time 17 per cent exchange, I think, and the exchange raised the price above the domestic price. The whole of the profit was in the exchange, in any case.

Mr. Woods: If there was an instance where the Wheat Board refused to permit millers to sell flour to a foreign market and get exactly the domestic price, I have no information in regard to it. If you will investigate the matter further I think you will find that there was some other complication. I do not know anything about the case to which you refer, but I know the method of the Board. If they had gone to the Board and said, "We can make this sale in the United States, and we want permission to do so, and will turn over to you all the proceeds of the sale above the net domestic price," I think they would have had no trouble in carrying out their wishes. I think you will find upon investigation that there was some other complication there. Mr. Stewart and Mr. Riddell, if you can give them some notification beforehand, will be able to furnish every detail, and exactly the reasons for what they did. I do not know of any case where any one was prevented from making sales if the sales were made in accordance with the regulations, and I think the regulations were absolutely fair and just.

Mr. HUBBS: What would the people of Canada think if this Government enacted legislation that would put under the control of this Wheat Board 200,000,000 bushels of wheat at even \$1 a bushel? In my opinion it would create a combine in connection with the bread of Canada to just that extent. Furthermore, what would be the influence it would have on the rest of the industries of Canada? How would it work with the establishments manufacturing implements if they had full control of the sale of the implements? Would it not work out in practically the same way? Would not this thing simply be a combine?

Mr. Woods: Well I think if the manufacturers of implements came to the Government and said to the Government "We cannot sell our implements to advantage and we would like to have a Board such as the farmers are asking for because they cannot sell their wheat to the best advantage" I think the Government should at once give them what they want. But I don't think the manufacturers are going to come and tell you they have not got a centralized agency for their selling requirements.

Mr. ROBB: You mean by that the Government would require the farmers to buy their implements from the Canadian manufacturers?

[Mr. H. W. Woods.]

Mr. Woods: I don't know that that would necessarily follow. I don't know that there would be any objection to that. I wish the Government would organize such a Board and tell the Canadian manufacturers they had to sell to the Canadian farmers at less than the foreign value.

Mr. SUTHERLAND: You apparently did not have the Canadian farmer very much at heart when you permitted the millers to obtain \$10 per ton for bran ground up and disposed of as shorts. Live stock interests suffered very much as a result of that.

Mr. Woods: You can get all the information you require in regard to that matter.

Hon. Mr. CRERAR: I might suggest that the gentlemen who had charge of the handling of this business, Mr. Stewart and Mr. Riddell, will be in a position to give this information to Mr. Sutherland and the Committee when they appear here, as I understand it is the intention they shall. We are discussing now not the criticisms of the details of the Wheat Board. We are attempting to discuss the broad principle as to whether it is justifiable to the market.

Mr. SUTHERLAND: Mr. Crerar's objection does not coincide with a statement that was made by Mr. Woods a moment ago when it was stated "We do not regulate the price, we regulate the trade." I was simply pointing out they do regulate the price.

Mr. Woods: I did not say we did not regulate the price of bran and flour. I said we did not fix the price. We did not set the price on wheat, but we did regulate and set the price on mill products but we did not set the price on anything else. There was an awful lot of criticism went up from some of the Eastern farmers and dairymen about the price of bran. They wanted this bran and shorts at a lower price so that they could produce milk at a lower price. Needless to say it was the very cheapest feed there was in Canada at the time. Just to give you an instance: A newspaper man came into my office in Calgary one day and he wanted a red-hot interview about the price of bran. He told me about buying a couple of sacks of bran that morning for his milch cow and what he paid for it sacked and delivered at his barn. I said how much is that a ton? He figured it up and I think it was \$48 a ton. I said "That is terrible; that is awful." But there is this, the farmers of Alberta to-day are buying the poorest kind or quality of hay to keep their cattle from starving to death. At the very time that awful howl was going up in the East about the high price of bran and shorts the farmers of the West were paying from \$40 to \$100 a ton for hay to keep their starving cattle alive.

An Hon. MEMBER: Is that the reason you raised the price of bran, in order to help them out?

Mr. Woods: We could not get the bran. Only the Americans could get it.

Hon. Mr. STEVENS: I would rather hesitate to ask any more in view of the lecture the member from Marquette has read to us, but I ask this in good faith. I don't see how we can get at results unless we do ask questions, which are critical, but I don't think Mr. Woods will be hurt by any slight criticism that will be made here. Do I understand Mr. Woods right in a speech to say that the price of export wheat is fixed in the foreign market? I will use another preposition, fixed by the foreign market.

Mr. Woods: Yes, it is the foreign value.

Hon. Mr. STEVENS: I don't want to appear very critical but it seems to me this is a point we ought to establish and I don't consider it a technical question that Mr. Stewart or Mr. Riddell could enter. I think it is a question upon which pretty well-decided opinions are held. Does the foreign market fix the price for export wheat in Canada?

Mr. Woods: It is a little bit hard to get a correct statement of just what is involved. There is the foreign demand and we have the supply. Now, just exactly what fixes the price where a limit is reached between the supply and demand depends

[Mr. H. W. Woods.]

on certain factors on both sides. Here is the foreign demand we will say over here, here is the supply. Now we will assume this foreign purchase is made by some centralized purchasing agency, which was done during the war and just after the war. Now if that purchasing agency is centralized it has the ultimate possible power in its purchasing. But supposing the central agency is decentralized, as it is at the present time, then the price is fixed almost primarily by the law of supply and demand, affected very materially by the contract between the centralized purchasing agency and the decentralized selling agency, so you have the law of supply and demand operating of course. If the buying and selling agencies were equal perhaps you would reach almost the normal level of the law of supply and demand in the sale, but if one of those agencies is very strong and the other is very weak you overcome the law of supply and demand. You could not say the price was fixed by a foreign demand because the other things enter into it. Even then you would have to put in the supply.

Hon. Mr. STEVENS: Do you expect by the constitution of a compulsory selling agency or wheat board to so influence this relation between the seller, the Canadian market and the purchasing market, the European market, so as to increase the price in the foreign market?

Mr. WOODS: Yes, I think so. I am not certain, but I think I can risk that answer.

Hon. Mr. STEVENS: That it would have that result?

Mr. WOODS: Yes.

Hon. Mr. STEVENS: Then it would have also the corresponding results of increasing the price for the domestic market?

Mr. WOODS: Yes, it should.

Hon. Mr. STEVENS: A moment ago you made the statement that every extra dollar brought into the country would be in the benefit of all. Now, that is of course based upon the reasoning to which you have now given expression, namely that the organization of the Wheat Board is calculated to increase the price of wheat in the foreign market, which in the reflex action will increase the price of wheat in the domestic market, and my friend from Marquette upbraided me now, he says "No, no."

Hon. Mr. CRERAR: Go ahead.

Hon. Mr. STEVENS: By reflex action the increase in the foreign market will produce an increase in the Canadian market.

Mr. WOODS: Yes.

Hon. Mr. STEVENS: What I understand from your remark is this that while that may be the case, the Canadian consumer is more than compensated by the increased prosperity of the country resulting from the increase of proceeds from the foreign market coming in?

Mr. WOODS: No, you have not got it right there.

Hon. Mr. STEVENS: Would you follow it out from the point you mentioned a moment ago, that the local market would be increased?

Mr. WOODS: The price of wheat would be increased in the home market. It was under the old board, but it does not necessarily follow that the price of flour will be increased. As I said, I think, in my opening remarks, where the price of wheat is stabilized—I do not mean absolutely fixed; I mean stabilized—the miller can manufacture on a very much less margin; and while the miller might pay on a stable market considerably more for his wheat on account of that stability, and the protection he has under that stability, he can manufacture on a narrow margin, because he is manufacturing on a safer basis and can pay a better price and still

[Mr. H. W. Woods.]

sell to the consumer at the same price. The consumer cannot pay any more. Besides the miller and the foreign trade. It would not cost the Canadian consumer any the miller has still kept on the inside of the foreign margin. It will not increase as much as the foreign market because there has got to be some margin between the miller and the foreign trade. It would not cost the Canadian consumer any more. I made this assertion—I think I am absolutely within the limits of safety—that if we raise a normal crop of wheat next year and this Wheat Board secures 25,000,000 more for the crop than would be secured under the open market, the consumer would not pay one cent more for his flour. Is that clear?

Hon. Mr. STEVENS: That is very interesting. Would you tell us how you have arrived at that figure? You have used the figure, \$25,000,000 several times; would you just tell us what basis you have for arriving at that figure so that we may have an intelligent grasp of its significance.

Mr. WOODS: You cannot absolutely arrive at it by any detailed analysis; it can only be by an estimate. In the sale of the 1919 crop—I forget just the number of bushels involved—but it was estimated by men who were in the best position to give intelligent information of any men I know that the saving to the farmer in the sale of that crop, on a very conservative basis, was \$50,000,000. From what information I had in regard to that matter, I was satisfied, even before I heard that estimate of the expert's, that that was a very low estimate.

Hon. Mr. STEVENS: You cannot guess or give us any general principles on which that estimate is based?

Mr. WOODS: Some of the details on which the estimate is based I would not care to give. You cannot arrive at that absolutely. But take the rise and fall of the market during the past year. Here is the value of wheat one time, and here is the value at another time—up now and down now, farmers selling, catch as catch can; and it is reasonable to suppose that if the flow had been controlled and the price intelligently negotiated, you could have kept the market somewhere near stable, not at the low point, but near the high point. If you will follow the market closely, and take the rises and falls, and assume—which I think is perfectly fair—that intelligent control of the flow and negotiation would have kept it somewhere near the level of the peaks, I think you will fully justify the \$25,000,000.

Mr. McKELVIE: Is it contemplated under this Board to have any control or regulation for the distribution of railways and steamships, or, if not, would there not be a danger of congestion if you set out to sell large quantities?

Mr. WOODS: The old board did.

Mr. McKELVIE: Is it contemplated by the new board?

Mr. WOODS: We assume so. We are asking for the reinstatement of the Wheat Board, and I presume that that involves practically the same terms.

Mr. ANDERSON: I would like to ask if Mr. Woods thinks that if the board had been in existence in 1921 it would have relieved to any great extent the financial condition of the western farmers.

Mr. WOODS: I think "relieve the condition" is too strong a term. I think it would have saved a lot out of the wreckage, but it would not have relieved the condition. Every million dollars helps just that much, and I think it would have saved the western farmers quite a good many million dollars but not enough to give actual relief.

Mr. ANDERSON: Was it not the failure of the crops that caused the present financial condition of the western farmers? Am I right in that?

Mr. WOODS: No, you are not. Of course, conditions in the west were such that some have had three or four successive crop failures. The conditions are appalling. Those people are being taken care of, and actual starvation is prevented by contribu-

[Mr. H. W. Woods.]

tions from the Government and other sources. But where they have raised fair crops, men are totally unable to pay their debts, and their credit is exhausted. While they have got something to-day, they are not starving, and they do not have to be given relief. But their financial condition is just as bad as it well can be. For instance, there have been instances where oats—of course, these are extreme instances; you understand that—there have been instances where the carload of oats did not bring enough to pay for the freight, and there have been hundreds, even thousands, of instances where oats have been sold at the railroad after being hauled greater or less distances—some of them forty or fifty miles—that is an extreme case too—at fifty cents, while in many cases they have paid twelve cents for the threshing. There is another point: the farmers themselves have been violently abused for charging so much for threshing. They used to thresh for three, four and five cents per bushel, but they used to hire help at \$1.50 and \$2.50 per day, when they did so. During the last two or three years the farmers have been paying from \$6.00 to \$12.00 a day.

Hon. Mr. STEVENS: The Wheat Board would not control coarse grains;

Mr. Woods: No.

Hon. Mr. STEVENS: It would not affect the oat market?

Mr. Woods: No; but the farmer, when putting in his crop, emphasizes the grain which he thinks is most likely to yield a profit.

Mr. ANDERSON: You made the statement, Mr. Woods, that the western farmers were producing at a loss. Have you any estimate of the loss on the 1921 wheat crop?

Mr. Woods: I do not know what the average price of wheat has been, but I have heard it stated that they would get absolutely no profit from a less price than \$1.30 per bushel.

Mr. ANDERSON: Is not that based on a certain number of bushels per acre?

Mr. Woods: It is based on an average. Of course, you have to put your estimates on an average.

Mr. ANDERSON: An average for each year?

Mr. Woods: The average for the year, perhaps. A better average is an average over a term of years, but where you make an average over a term of years you have to average the cost each year. You will produce one year's crop at one cost and another year's at another cost, and your product rises or falls from year to year. I think the average I mentioned was for the last year.

Mr. FORRESTER: Mr. Woods stated that he had heard that the farmers could obtain absolutely no profit from a less price than \$1.30. Was not that caused by the high price of labour and the expenses incurred in threshing, and so on?

Mr. Woods: Yes; overhead expenses constitute an important factor at the present time, for while the price of our farm products is down to practically pre-war level, and in some cases below that, all overhead expenses are very much higher, and the only way in which permanent relief can be secured is to bring those overhead expenses down to a level with the price of the product.

Mr. MCKAY: If the Wheat Board is all that you claim it to be, why do you not ask for its re-establishment on a permanent basis?

Mr. Woods: Well, there are several reasons. There is a great deal of objection everywhere to that method of trading. I am not convinced that it would be a good thing to re-establish it on a permanent basis if there were no objections. Furthermore, a bad Wheat Board would be a bad institution. That is the reason we lay emphasis on the re-establishment of the old Wheat Board including largely the personnel of that board. That was an efficient body, and an efficient Wheat Board is a very satisfactory institution; but I do not think anything could be worse than a Wheat Board that was inefficient and mixed up with politics.

[Mr. H. W. Woods.]

Hon. Mr. STEVENS: I want to ask Mr. Woods two questions on economic principles. First, do you believe—you are speaking now, as I understand it, as President of the Canadian Council of Agriculture—that the producer should have the fixing of the price?

Mr. Woods: No.

Hon. Mr. STEVENS: Secondly—

Mr. Woods: Just wait a minute. I want to correct my last statement. I do not think he should, but if every other fellow has got the fixing of the price, I do not see why he should not. I think the whole question of price fixing is wrong.

Hon. Mr. STEVENS: I do not want to argue that.

Mr. Woods: Neither do I.

Hon. Mr. STEVENS: All I want is an answer to my question as an economic principle. I understand your answer to be "No" to the direct question.

Mr. Woods: You are talking about fundamental principles now?

Hon. Mr. STEVENS: Yes.

Mr. Woods: I think "No" is a satisfactory answer.

Hon. Mr. STEVENS: Do you think it is a sound economic principle to compel any man to sell his products through any given agency, governmental or otherwise? To put it more briefly, is the compulsory feature of the Wheat Board in your opinion compatible with sound, democratic, economic doctrine?

Mr. Woods: I think it is absolutely compatible with present conditions, because it is exactly what we have. We have only one grain system; how are you going to sell through any other?

Hon. Mr. STEVENS: In other words, it is sound as an emergency?

Mr. Woods: It is sound under present conditions, because that is what we have. We have a commercial system through which we have to buy all our supplies, and we cannot buy through any other system. And we cannot buy through any other system. We are compelled to buy through them, how can we? I want something that the manufacturer is manufacturing in eastern Canada. How am I going to get it? I have got to get it through the system and I cannot get it any other way. The only way I can get it from his factory is to go and undertake to steal it. I don't want to do that.

Hon. Mr. ROBB: Men growing oats last year suffered even more than men growing wheat. Is that right?

Mr. Wood: I think it is.

Hon. Mr. ROBB: Do you desire a board to control that?

Mr. Woods: No, we don't.

Hon. Mr. ROBB: It is near one o'clock and I want to go back and clear up another matter we had a moment ago. At the time the price was fixed for wheat, at the time the price was \$2.15 for wheat, the initial price in Manitoba and Saskatchewan; what was the prevailing price across the line in the United States during that period, as it worked out from month to month? The price went up a bit. You said there were some quantities went over there. How much more do they get delivered in the States.

Mr. Woods: I would give you these figures from memory.

Hon. Mr. ROBB: Just approximately.

Mr. Woods: Don't get that mixed up with the price of wheat. That is the initial thing. The price of wheat to the millers of \$2.30 a bushel.

Hon. Mr. ROBB: And the price of the foreign trade was from \$2.30 up.

[Mr. H. W. Woods.]

Mr. Woods: I cannot give you the price day by day of course but I think the figures I am giving you up to the last of November—I am not sure of that I think it was up to the last of November, there had been about six hundred million bushels of wheat sold in the United States. The average price to the farmer, delivered at the country elevator, I think in North Dakota was \$2.41 a bushel. The average price to the farmer in South Dakota was \$2.40 and I think the average price in Canada was \$2.16 and the average price in Oklahoma was about \$2.06 and in Texas about \$2.00. The average price of the six hundred million bushels was \$2.15 and a fraction.

Hon. Mr. ROBB: You are sandwiching in the Southern crop of good hard wheat. What I want to know was the price along the line in North Dakota.

Mr. Woods: It was \$2.41 and in South Dakota \$2.40 but keep this in mind, in 1919 they had approximately the same amount of Northern wheat, northern grade in the Northern wheat belt that they had in 1918, but they had I think approximately twice as much low grade and only half—no I believe it was only one-third as much high grade as they had the year before. There was the greatest demand for winter wheat for flour supposed to be made out of this hard wheat in the United States that ever had existed. By raising the price of this little dab of high grade northern wheat that they had across the line the millers sold limitless quantities of wheat at the price based on it.

Hon. Mr. ROBB: Suppose we accept your view and establish a Wheat Board and the price in the United States should go up as it did then 30 to 40 cents a bushel over the Canadian price and we compel the Canadian farmer to sell to this Wheat Board instead of smuggling it across the line.

Mr. Woods: If he can smuggle it across the line he can smuggle it away from the Wheat Board; there would not be much of that. This wheat that was sold in 1919 was not smuggled across there, it was sent across there by special permit.

Hon. Mr. ROBB: In some cases it was taken out of the elevator along the South Western line and anything that went over in a wagon was smuggled. There was a lot of it done. I think we are all agreed—it does not make so much difference what we pay for the sixty million we consume in Canada. If we can get 25 cents a bushel more for the other two hundred and fifty million so much the better. Supposing we determine to hold up our wheat until we get a certain price and we accumulate it until we have a hundred million bushels of wheat, what effect would that have on the markets of the world?

Mr. Woods: It would not have any effect on the actual markets of the world. The effect would be on the purchasing powers, the purchasing agencies by controlling the flow. A gentleman over here suggested a while ago "Here is the foreign demand, here is the buying agency for it." Our wheat is all being rushed on the market and ordered to be sold. They manipulate the market by withdrawing and forcing the price down because they won't buy. We can hold the hundred million, which is conservative estimate—there may be more than that, there may be one hundred and fifty million and we have that wheat in store under the control of one selling agency, and when they really want this wheat and get anxious to buy they will negotiate for it. You don't have any idea in the world trying to influence foreign markets by storing the wheat until they get without the wheat, because that would be impossible.

Hon. Mr. ROBB: Would this destroy the very object we desire to obtain? Would it bear the market?

Mr. Woods: I don't think so, I don't see why it would.

Hon. Mr. ROBB: Might it have a tendency to direct these purchasing agencies more to the other selling agencies?

Mr. Woods: We would have them to compete with.

[Mr. H. W. Woods.]

Hon. Mr. ROBB: Would not the competition be even better than with a normal control?

Mr. WOODS: With the other selling agencies I don't see how it would. We are competing with them now but we are competing without intelligence. Then we would be competing intelligently not only with our competitive sellers, but with the men who are buying.

Hon. Mr. ROBB: You remember our friend Leither tried that a few years ago.

Mr. WOODS: To corner the market.

Hon. Mr. ROBB: Yes.

Mr. WOODS: We are not trying anything of that kind. The supply is here, the demand is there. You want to negotiate the price between the supply and demand, the question is are you going to do it intelligently?

Mr. McMURRAY: Under your system the farmer who sends in his wheat, where does the money come from out of which these advances are made, and what amount would you expect would be maximum that would be required to be advanced to the Wheat Board?

Mr. WOODS: It would depend on the market, it would depend on the amount of wheat and it would depend on the flow of wheat. This gentleman suggested there might be one hundred million bushels accumulated, there may be one hundred and fifty million bushels accumulated or the flow might be such that there would not be twenty-five million accumulated. The more rapid the turnover the less money required to carry on. I don't think that would be a very serious problem to deal with. I don't know what the maximum amount was that the old Board had. I am inclined to think it did not go much above one hundred million. Here is another thing, as you proceed in making the initial payment you accumulate a certain amount of operation expenses yourself in the participation.

The CHAIRMAN: I would like the Committee to decide whether they are finished with Mr. Woods.

An Hon. MEMBER: I would move we sit again this week. I would ask that the work of this Committee be expedited and if possible to sit to-morrow.

Hon. Mr. STEVENS: Why couldn't we sit this afternoon at 4 o'clock. This is estimate day, the House will be engaged in Committee I expect most likely. There is a question coming up appertaining to this Committee I think which might take a little while to report on.

The CHAIRMAN: Not to-day.

Hon. Mr. STEVENS: I should think we could meet here at 4 o'clock.

The CHAIRMAN: Is it the pleasure of the committee to meet at 4 o'clock.

Motion agreed to.

Mr. GARLAND: Do you wish to hear Mr. Woods again?

Mr. CHAIRMAN: We will hear Mr. Robinson.

Mr. McMURRAY: There are several pamphlets containing rules and regulations covering the Board. It is possible the Secretary could distribute those to us. If we had those it would be of assistance to us if they were distributed.

Committee rose till 4 p.m.

Committee resumed at 4 o'clock.

The CHAIRMAN: This morning we had been listening to a report from Mr. H. H. Woods. I think the Committee would like to hear from Mr. Robinson of the Council of Agriculture.

Mr. ROBINSON: Mr. Chairman, and Gentlemen, the main argument in support of the request of the Council of Agriculture for the re-establishment of the Wheat Board will be found embodied in a certain memorandum which was presented to the Government a short while ago, copies of which I understand have been placed in your hands. Then we have had a very full, very free and very interesting discussion of the matter this morning, and in view of this it is not my intention to weary you with any lengthy remarks. There are one or two points, however, that I would like to discuss and if I have to refer to matters that have already been dealt with, my object in doing so will be to endeavour to the best of my ability to give a little further information to this Committee. There are two reasons which prompted me to come here in support of the request. The first is the very peculiar condition in which the Western farmer finds himself to-day and the other is that in so far as my own personal opinion goes I am firmly convinced that no other measure of relief will be of any practical service, or even noticeable service to the farmer under present conditions. The condition of the farmer has been referred to and I do not like to say anything that might leave you men to term me as a calamity howler, but I think that we must face the facts. The condition of the average farmer in the West to-day who depends on the raising of wheat as his main means of earning his living, is that he finds himself in the position that he is not able to meet his liabilities. It may be said that this condition is owing to mismanagement. While that might be true in individual cases, I am convinced that the farmer is in his present unsatisfactory position because of influences over which he has no control. He has had a series of bad years; he has had to put up with drought, with hail, with grasshoppers, and with something that is not so widely known, but is of equal danger to him, and to his crops. I refer to the wheat stem saw-fly. He was also led to do certain things because of good advice that was showered on him. You remember a few years ago that everybody was advising the farmer to produce and keep on producing, and he believing it was his patriotic duty did so; and many farmers incurred liabilities in those days in the effort to provide more food for our boys overseas and their allies. He entered into obligations that now when he has to meet them he finds he is unable to do so. At present people are saying, "Well, the farmer will go on anyhow." He has done so faithfully and is keeping at it,—it is true he grumbles sometimes but that is about the only privilege that is allowed him, and he has still kept going on, but I want to assure you, Mr. Chairman, and the hon. members of this Committee that many farmers are seriously considering whether they will go on and attempt to produce grain under conditions which will mean only a loss to them. It may be asked "What has this to do with the re-establishment of a Wheat Board, and what effect would it have on the price which the farmer receives for his grain?" Let me bring before you a little more in detail the influences that are operating on the farmer, he has his liabilities to meet and everybody that he is doing business with is insisting that he rushes the wheat to the market as quickly as possible. It is well known that the usual thing is that the wheat prices are higher at the opening of the market than they are say a month or two afterwards, and those who are able to get their

[Mr. James Robinson.]

grain ready for market early, do naturally, without any urging, rush their grain to the market in order to secure these prices. Then the other fellow who is not in position—the other farmer who is not in position to do this will be urged by the banker who has been giving him accommodation that the sooner he gets his wheat to the market the better will be the price he receives. The storekeeper will do exactly the same thing, likewise the man who he has bought his implements from. They are all telling him that they are advising him for his good, that he must get his wheat out early in order to get the good prices, and they overlook the fact that by taking this advice that is thrust on him by everybody, he is hastening a condition which they tell him they are trying to avoid, that is to say, they are forcing him to glut the market early in the season. Just to show you how this will effect the wheat market I will give you some figures relating to last year's crop, the crop for which the marketing is now being completed. In 1921—and I would just ask the members to make a note of the figures to see if they mean anything to them. In September the inspections at Winnipeg amounted to 33,011,520 of all grades of wheat and the price which this grain brought amounted to 53,725,000. In October the delivery was 56,165,090 bushels of wheat and the price received was \$61,876,000. In November the market was 38,836,775 bushels and the value of that was \$27,127,000. I want to draw your attention to the fact that in November the amount marketed more than was marketed in September was only about 5,000,000, but the amount which the farmers received for that is just about exactly one-half the amount a similar amount of grain brought in September. The grain forced on the market in November brought just a little more than half as much in value as it did in September. Now I spoke of the farmers' condition that it required something that would give him encouragement. The farmer has had an experience with the grain board and he is satisfied with it. I might say to you, Mr. Chairman, that I have met in one way or another a very large number of farmers from the provinces of Saskatchewan and Manitoba and I want to say that I have not met a single solitary individual who is not out and out in favour of the re-establishment of the Wheat Board. You will remember that at the time shortly after it was appointed the impression got abroad and rightly or wrongly a large number of farmers believed it—the question was that the Wheat Board was appointed, not that it might assist the farmer in getting a better price, but that it was appointed to keep the price of wheat, to keep it from soaring away up out of sight. Then a month or two or three months after it had started operation what seemed to be an organized complaint was carried on in a certain section of the press, and curious enough it was done in a way that looked very plausible. Farmers were being told that their grain, their main source of income, was being handled by a body over which they had no control. They did not know what price it was being sold for, and it was their duty to get up and insist that the Wheat Board should be forced to give this information. I don't know who inspired that, but some one did and it had a most excellent result. We were fortunate under the late Wheat Board in having men who were not only good business men but men of backbone. They paid no attention to these things believing that the information asked for, if published would not have the effect that was expected, and they held their peace and paid no attention to it. Finally they did give a statement as to how they were getting on. They did say a certain interim dividend would be distributed on the certificates, and from that day till this day I have not met a single solitary farmer who objects to the re-instatement or who is not an ardent advocate of the re-establishment of the Wheat Board. I say that in view of the determined influence that was used to make the Board do certain things that would not have been in the interest of the farmer in spite of the fact that they started out prejudiced against its appointment, they have to-day and they are not a bit backward in expressing confidence in that Board and I may further state that if their statements

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are to be taken at any value they have no confidence in the present method of handling grain and they base that lack of confidence on their experience with that system in the past.

Now, a good deal has been said this morning about what actually sets the price for grain. Some say one thing and some say another thing but I would like to meet someone who could tell me any one particular thing that does set the price which the farmer receives for the grain when he sells it. I would just like to refer to some of the methods involved—I have no quarrel with the grain exchange, I want to state that so long as business is fairly carried on under the present system, that it is a necessary institution and renders good work in the matter of regulating the trade, but I do claim that it permits certain things which in my opinion are injurious to the man who produces the grain. You may probably know that a large amount of grain grown by the western farmer is sold before the farmer seeds the grain. I had not noticed in the press that October options were being traded in November, but I feel certain that in two or three weeks it will be—and while I have not figures to show I will make the guess that under ordinary circumstances by the first day of June the amount of trade recorded in the clearing house of the great exchange will equal in bushels the entire crop that will be grown on the western prairies during this coming season. I would like to know how any man can go out and sell anything that he does not have in his control at the time of the sale. That he does not know whether the crop will grow or whether it won't grow, that he does not know a thing about it, that he will actually go out without consulting the grower the man who is mainly interested in that and sell it without any reference whatever to the man who is depending for his living on it. It may be argued, and no doubt will be, that a sale implies a purchase and vice versa and that one will balance the other in steadying the market, but it does not, which actual figures will show. I have given you figures on it and I think I shall be able to prove by those figures that it does not. For example, supposing that I wanted to have a little speculation as soon as the market opens and I had the means to put up a margin sufficient to carry a hundred thousand bushels. Supposing I made that sale at \$1.50, what do you expect my interest would be? Why, it would be to buy that grain at a lower price than I sold the option, and it might be possible that I could buy the actual grain that I had already sold at \$1.50; I might be able to buy it to fill my order at \$1.25. Who do you think would get the difference? Would I have to do anything in order to do that? No. All that I would have to do is just quietly sit down and do nothing. I have referred to the influences that are compelling the farmer to sell his grain on the market. I have made my sale possibly before his grain is cropped, and all I have to do is to keep off the market and the fact that it is being thrown in such volume in a short period in the fall will cause the price to sag. Who gets the difference? The speculator. Then the next question you might ask is who is the speculator? I suppose the first thought that would come to the farmer's mind would be the grain exchange. But that is not so. You go to any broker in the city of Winnipeg and ask him where he gets his orders from for option trades and you will get the reply perhaps, if he cares to give it. You will find that clerks in the stores, salesladies, men working on the street perhaps if they can scare up enough money to do it, men in business, farmers, yes, and even preachers and I would not be surprised that if you look in closely you would find the names of some members of parliament. Those are the speculators, those are the people that get the difference that somebody was talking about in the forenoon. They get it. As I understand it, the object of the farmers (through the Council of Agriculture) is to see if some method of handling grain cannot be devised and put into practice that will put into their pockets instead of the pockets of the speculators the entire proceeds of their grain.

There is another question that was referred to to-day. I refer to a comparison of prices under the Wheat Board with the price obtained across the line. I submit, Mr.

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Chairman, with all respect to the hon. gentleman who asked that question, and also to my friend who answered it, that no fair inference could be drawn from the question asked and the answer given thereto without considering certain other facts connected with the subject, and I will endeavour to bring those facts before you. Under the international agreement then in existence (it may be in existence yet) any farmers living within a certain distance of the boundary line could, if there was an elevator situated on the American side at a point nearer to his home than an elevator on the Canadian side, haul his grain over to the American side and market it. That is to say, he could haul it over there by the wagon load. If, on the other hand, an American farmer's farm was located closer to an elevator on the Canadian side than to an elevator on the American side, he could haul his grain over and sell it on the Canadian side. So far as I know, no bonded elevators exist in Saskatchewan—they may exist in Manitoba—but they do exist in the territory across the line opposite Saskatchewan. The farmers who enjoyed the privilege were very limited in number and located on a narrow strip some ten to fifteen miles wide. They could take it across the line if they saw fit. I have no doubt they did receive a higher price by the load than the advance price they would receive on the Canadian side. At the same time, there was an embargo on Canadian grain, and no Canadian grain could be shipped over the border so long as that embargo remained in existence. What happened? On the 15th December, 1919, that embargo was removed. I would like to ask this Committee if they believe for one moment that the American miller and the American grain dealer asked for the removal of that embargo in order that they might pay the Canadian farmer a higher price for the grain than they would pay for similar grain from the Wheat Board? I make this statement, that they did it because they believed they could buy grain cheaper by the load from the Canadian farmer than they could obtain similar grain through the Wheat Board. To my mind, that is a good argument in favour of the reinstatement of the Wheat Board.

I would like to emphasize what has already been said to the effect that we do not expect a Wheat Board would increase the price received for grain in the ultimate market. We do not believe that the re-establishment of the Wheat Board would increase the price of flour to the consumer one cent in any part of Canada. We do believe that it would stabilize prices. We do believe that it would prevent the throwing of large amounts of grain upon the market at a period when there were no buyers. The fact that we are compelled to market grain within three months is well known to the European buyer and also to the British buyer particularly. We are all patriotic, but we must remember that in trade the Britisher is not any more patriotic than anyone else. He wants to buy his supplies just as cheaply as he can. It is true that at the present time we have competition. A great deal has been said about that, but there is one form of competition about which I have heard nothing said, and that is the competition in selling. If the Wheat Board is re-established there will be only one buyer—

An Hon. MEMBER: You mean only one seller, do you not?

Mr. ROBINSON: I mean that at the present time if a buyer in the Old Country desires to buy his supplies at a cheaper price he remains away from the market. If the Wheat Board was in existence, that buyer would have no other source of supply. At the present time there could be competition in selling, because if one section of the farmers did not sell the other section probably would sell, and that buyer would get a supply. As a matter of fact, 75 per cent of the grain is marketed in three months and 25 per cent is marketed in the remaining nine months. I think a Wheat Board would not endeavour to rush all the grain on the market for export as quickly as the farmer was forced to deliver it. With reference to the competition in selling, supposing the farmers' companies held their supplies off the market, it might steady it for a little while, but who would benefit? They would have the grain on hand, and their competitors would sell and thereby gain any apparent advantage

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that accrued from withholding it from the market. As to the cost of flour, during the month of January the price of wheat dropped to about \$1.10, where it remained for a time, and then went up to a much higher level during the month of March. I imagine if you bought a barrel of flour to-day it would be made from wheat sold during the late period. I would like to ask you if you could go and buy a barrel of flour on the basis of the ruling price during the month of January? I venture to say you could not. The miller, of course, will take the supplies just as cheaply as he can, but I venture to say his flour price during the nine months of the year when the delivery is very light—and the prices possibly higher—is based to some extent at least on the ruling price for grain. The whole point I want to make in connection with this is that the Wheat Board would make it possible for the greatest percentage of the price that the grain brought in the ultimate market to go direct to the man who produced it, and it would not materially affect any advancement in the price of flour.

I do not think I need further trespass upon your time, but if there are any members of the Committee who desire to ask questions I shall answer them to the best of my ability.

Mr. McMURRAY: In you earlier remarks you used this expression: "The farmers of the West have no confidence in the present system." I do not suppose you were referring there to the fact that you were getting as large a price for the grain. What are the elements of the present system? Is there an elevator combine there?

Mr. ROBINSON: The farmers lack confidence in the methods of handling grain in the open market at the present time. I gave an illustration of men going out and selling grain before the seed was in the ground. They did that with a view of making money for themselves. On the other hand, supposing the Wheat Board was in existence, they would probably do something similar, but every deal they made would be a contract for the delivery of actual grain, and whatever that grain brought would go to the man who produced it.

Mr. BROWN: You are not referring to the physical handling of the grain?

Mr. ROBINSON: Oh, no. I do not think there is any combine in the physical handling of grain.

Mr. McMURRAY: You are not complaining of the elevator companies or the merchants on the Exchange?

Mr. ROBINSON: I am complaining that the present system does not lend itself to rendering to the farmer the full return to which he is entitled.

Mr. McMURRAY: Your objection is to the option trade?

Mr. ROBINSON: I gave that as an illustration. That is one of the things.

Mr. MILLAR: I obtained the impression that your evidence on one point was in direct contradiction to that given by Mr. Woods. I understood Mr. Woods to say that a little better price would be obtained on the ultimate market because of the one selling agency. Your evidence a moment ago was, I think, to the effect that the price on the ultimate market would not be raised.

Mr. ROBINSON: Not the general level. That, I think, will be determined by the demand for grain. I think what Mr. Woods probably meant is that the Old Country buyer would not be able to secure grain during these particular slumps.

Mr. MCKAY: Have they in the United States a Board controlling the wheat similar to the Board you ask for?

Mr. ROBINSON: I do not think so.

Mr. MCKAY: Is there a Wheat Board in the Argentine or other South American States?

Mr. ROBINSON: I do not know.

Mr. MCKAY: Is there a Wheat Board in India?

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Mr. ROBINSON: I do not think so.

Mr. MCKAY: Is there in any part of the world a Wheat Board that supplies wheat to the British market?

Mr. ROBINSON: For several years past the whole of the Australian wheat crops have been handled through a similar institution to the Wheat Board.

Mr. MCKAY: Would it be possible, in the event of Wheat Boards being established in Canada, the United States, India—in short, in all the wheat exporting countries—for any collusion to occur to raise the price of wheat?

Mr. ROBINSON: If you ask as to the possibility of such a thing occurring, I must answer Yes. Anything is "possible", but I do not know what the probability is.

Mr. MCKAY: So far as the world's history is concerned, many such illustrations are afforded.

Mr. SUTHERLAND: I think you made the statement that an organized campaign has been carried on through the press and other agencies against the Wheat Board?

Mr. ROBINSON: I said that what seemed to be an organized campaign was carried on in a certain section of the press. I repeat that.

Mr. SUTHERLAND: What was the attitude of the Canadian Council of Agriculture with regard to the Wheat Board at that time and also in 1920 when the matter was again before the House?

Mr. ROBINSON: So far as I know, the attitude of the Canadian Council of Agriculture has always been favourable to the Wheat Board, and as a matter of fact a resolution was passed unanimously by the Canadian Council of Agriculture asking for the continuance of the Wheat Board for another year at least.

Mr. SUTHERLAND: What was the objection to making the Wheat Board permanent if it was giving such satisfaction?

Mr. ROBINSON: I believe my friend, Mr. Woods, answered that question in a very satisfactory manner. He pointed out the possibility of a body becoming efficient after being continued for a number of years.

Mr. MCKAY: Mr. Woods did give me that answer, but I could not appreciate his point.

Mr. ROBINSON: I do not think I could give you any other answer, because I believe what Mr. Woods stated to be largely true.

Mr. BROWN: Was that the question relative to why the Wheat Board should not be permanent?

Mr. ROBINSON: The question referred to the reason why we are not insisting upon asking for its permanent establishment.

Mr. BROWN: The proper answer might be that it might be easier to get a temporary Wheat Board created than a permanent one established.

Hon. Mr. STEVENS: That is a very important point. I think this Committee is entitled to perfectly good faith in this matter. We have been told officially by the Canadian Council of Agriculture which has put forward this request that they only ask for a temporary Board. If their motive in doing so is simply in order to enable them to get a foothold with a view to having it permanently established later on, the members of this Committee are entitled to frankness in the matter. I do not think it affects the situation other than as a matter of fairness to those who might have a different opinion. Both Mr. Woods and Mr. Robinson—and I would like to state that in my opinion Mr. Robinson has made a very excellent presentation of the case so far as he has gone—have stated that they ask for the re-establishment of the Wheat Board as a temporary measure. I would like to ask if that is a sincere statement or is the reason furnished by Mr. Brown the correct one?

[Mr. James Robinson.]

Mr. BROWN: I would not like to suggest that that is the only reason why they asked for a temporary Board.

Hon. Mr. STEVENS: Is it a reason?

Mr. BROWN: I would not even suggest that it is a reason. I would suggest, however, that we recognize it might be easier to convince the people of Canada to create a temporary institution than a permanent one.

Mr. ROBINSON: I want to state that so far as I am concerned, and so far as every one else associated with the Canadian Council of Agriculture is concerned, so far as I know, we are perfectly sincere in asking for this as a temporary measure. From certain sources outside of the farming public certain questions have been raised, and I may say that many people state: "It is all right; you are simply fooling yourselves. Any Wheat Board would have been a success when prices were going up. You are giving the Wheat Board credit that is not due to them." And you are giving the Wheat Board credit. I want to state frankly that to my mind it was a serious mistake that they did not continue the Wheat Board for another year when, in the ordinary course of events, prices would decline. By handling the grain during the upward trend and also during the downward trend, the farmers would be in a position to say definitely whether in their opinion it was as good a thing as they thought it was.

Mr. GARLAND: Is it not a fact, in connection with the question you have just been asked as to why the Wheat Board is being asked as a temporary measure, that the producers of grain and the Council of Agriculture are looking to normal conditions to build up something of a more permanent character, but that they cannot do so in the meantime, and they are asking for this to tide them over until they can?

Mr. ROBINSON: That is perfectly true.

Mr. McMURRAY: Under this scheme is it proposed to pool all the grain, to pool the freight rates?

Mr. ROBINSON: No.

Mr. McMURRAY: It does not embody that at all?

Mr. ROBINSON: We are asking for the re-establishment of the Wheat Board along lines similar to that under which the former Board operated. A certain price was advanced to the farmers but that price varied according to the trade rate. There was no pool of freight rates so far as I know; but there was a pooling for the price.

Mr. SUTHERLAND: You made the statement that the farmers had had experience of the Wheat Board and were perfectly satisfied with the way in which it was operated.

Mr. ROBINSON: I made the statement that every farmer I had met in Saskatchewan and Manitoba was outspoken in his desire to have it re-established, and I have not heard a single complaint from any one of those farmers whom I have seen personally. I have read a letter in this city from a farmer in Saskatchewan objecting to it, but I feel certain that if a plebiscite was taken from the three western provinces within a week the majority in favour of the re-establishment of the Wheat Board would be immensely larger than the majority obtained by any hon. member of this House when he stood for election.

Mr. SUTHERLAND: I took down your words. They were that the farmers had had experience with the Wheat Board and were satisfied.

Mr. ROBINSON: I do not recall whether I said that; if I did not, I would say it now. That is the view of the farmers I have personally talked with.

Mr. SUTHERLAND: What would you say in reply to the charge that the Wheat Board was asked for with the view of keeping down the price of wheat?

Mr. ROBINSON: That impression was very prevalent at the time the Board was appointed and shortly afterwards. I do say that the farmers were prejudiced and

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that certain influences were brought to bear to increase that prejudice and distrust. I also said that after the first returns were made this suspicion disappeared.

Mr. SUTHERLAND: But this was as late as June, 1920, when the re-establishment of the Board was under consideration in the House. There were statements made by farmers from the West on the floor of Parliament to the effect that this was the general opinion.

Mr. ROBINSON: I am not responsible for what hon. members say in the House.

Mr. GARLAND: I am not sure whether I got the question which the hon. gentleman has just asked, but was it to the effect that there was some dissatisfaction with the Wheat Board, and did I understand you to say in reply to him that at the inception, at one time, there was dissatisfaction but that now there is not?

Mr. ROBINSON: That is my view exactly. I had an experience last Friday that might interest you. A gentleman came to where I was sitting and said: "I say, Robinson, do you think we are going to get the Wheat Board?" I said, "I do not know; I know the Council of Agriculture will press for it to the best of their ability." He said, "Well, I hope you get it." This man was a farmer, an educated and intelligent man. As a matter of fact, he is a college graduate, a veterinary surgeon. He said: "I sent to submit something. I would like to see the Wheat Board re-established even if I do not get one cent more for my crop. It would relieve me of something that is a serious annoyance. I have to-day two cars of wheat at Fort William, and I do not know whether I should sell to-day or wait for a week or for a month; but if the Wheat Board was in existence I would take that wheat to the elevator, receive the advance and feel sure that that wheat would be sold to the best possible advantage. The chances are that I will instruct that wheat to be sold on a day when the prices are off and then I will feel like kicking myself for weeks because I did not wait longer." Now, I think that that is a fair illustration of the effect in giving confidence to the farmers, should the Wheat Board be re-established.

Mr. MILLAR: You have not touched on the effect it would have on the fall work.

Mr. ROBINSON: That is another thing. It would be of great advantage to the farmer and would mean a very noticeable increase in the acreage. Take the farmer who is living ten, twenty or twenty-five miles from the railway. As soon as he threshes he is forced to start hauling his grain, and that occupies his time when he should be preparing the land for the following year's crop. It would have a further effect in lessening the great rush during the three months of October, November and December. The creditors of the man who is living away from the railway would know that he was going to get the same price whether he delivered his grain or his wheat in September or in the following May.

Mr. GARLAND: Have you anything to say as to the transportation companies, as to the spreading out of deliveries? Would it affect that in your opinion?

Mr. ROBINSON: It certainly would. To those who are not familiar with the West I may explain that practically every year there is a serious blockade so far as the moving of the grain is concerned, and I think that that will continue for all time, so long as we are making grain growing the main portion of farm work. Now, it is not fair to expect any transportation company to move an entire season's crop within three or four months. If they are forced to do that, I think the cost of transportation would be higher; and if by regulating the delivery of the grain we could spread that out over a longer period then the railway companies would be in a better position to haul the grain for us.

Mr. BROWN: Is it not a fact that along the line of the C.N.R. there was a time last year when buyers were paying a much lower price than on the C.P.R. because of the lack of transportation?

[Mr. James Robinson.]

Mr. ROBINSON: Not in 1921; the 1920 crop. As a matter of fact, in Saskatchewan—I do not know about Manitoba—in the case of one or two companies the prices on the C.N.R. line were four cents per bushel less than on the C.P.R. line.

Hon. Mr. STEVENS: Is the necessity for rushing the grain down in October and November not partially influenced by the desire to get it to the head of the lakes before the close of navigation? Is that not one of the factors?

Mr. ROBINSON: It may be, although I think it would be rather an insignificant factor. I have tried in the earlier portion of my remarks to show how the farmer was being forced by his creditors to get the grain turned into cash as quickly as possible, and one of the reasons which they all give to him to encourage him to do that is that he would get a better price on the early market than later. I also stated that they overlooked the fact that by following their advice they were creating the very condition which they profess to be trying to avoid.

Hon. Mr. STEVENS: I quite understand that, but assuming that the slow-up of delivery in October and November was, say, 50,000,000 bushels, it would be that much less out of the head of the lakes elevators by the close of navigation. Then in marketing that through December, January, February, March and part of April, it would all have to go by rail in order to get it out of the country?

Mr. ROBINSON: As a matter of fact, I have already pointed out in answer to a question that the transportation companies own to their inability to handle the grain as quickly as it is offered. It is exactly what you suggest. The fact that they cannot take it out means that it is held at the point of delivery, that is at the country elevator. Now, in ordinary circumstances the amount of grain that must be disposed of by the average farmer would be sufficient to take forward to the head of the lakes a very large percentage of the grain. He must sell enough to pay his hired help and other incidental expenses. That will come in any circumstances, but in addition to that he is being forced to throw the grain on a market whether there is any demand or not, and instead of going to the lakes, as was suggested by the hon. member, it goes no further than the elevator which is his own local point. As a matter of fact, I know of a case where the farmer did not get it all out until the following July for the simple reason that the railway companies could not supply cars. It may interest you further to know that to-day the farmers in North Saskatchewan and northeastern Saskatchewan are in danger of suffering very severe loss. I am referring to those located on the National lines, because there has been for the last week an embargo and they will not accept any grain for shipment. In the locality affected there is a very large percentage of the grain still on the farmers' hands that is in a damp condition and liable to be a total loss through heating unless it is moved to some place where it can be treated, that is, dried.

Hon. Mr. STEVENS: I am fully aware of and I quite sympathize with the view point you have expressed, but it is argued, and I think with force and correctness, that the marketing of the crop through the medium of a Wheat Board would steady the flow, to use the expression which Mr. Woods used very aptly this morning. Is it not a fact that that would result in lessening the quantity that is put out at the early part of the season? Am I correct in that?

Mr. ROBINSON: Yes and no. You see the farmer in his present pressing financial condition would naturally want to get as much more out as he could in order to get his advance, but it does not follow that when he delivers it to the Wheat Board that they would immediately rush that on the ultimate market. They would have it pressed forward to the head of the lakes and perhaps to the sea-board.

Hon. Mr. STEVENS: I agree, but you would slacken up the total quantity of grain, never mind where it comes from. By the operation of the Wheat Board we would slow up the forwarding of this grain we will say to the head of the lakes.

Mr. ROBINSON: I think to some extent it would.

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Hon. Mr. STEVENS: Then in marketing in December, January, February, March and I think part of April, before the navigation opens, assuming that the Wheat Board desired to market during these months, they could only do so by forwarding that grain by rail?

Mr. ROBINSON: That is precisely the condition which prevails to-day. There is another point which comes to my mind—

Mr. MILLAR: Is it not the fact that under the Wheat Board as a great many of the farmers are pressed by their creditors, sufficient grain would be required during the early months of the season to supply the ultimate British market during the months of January, February and March until navigation would open? Would it be necessary to take any more grain over the old rail route than at present?

Mr. ROBINSON: None whatever, as far as I can see. I would like to refer to another method that comes to my mind now—

Mr. SUTHERLAND: Before coming to that point. This is a question that affects all the provinces. What object would there be in the farmer holding his wheat if he knew he was going to get the same price immediately it was threshed and particularly if his creditors were pressing him for money? He would naturally want to market his wheat and get the additional payment to settle with his creditors. What is the total average capacity? Is it possible to take care of it in the elevator? As far as Ontario is concerned, I know farmers have been disposing of their wheat during the past few weeks.

Mr. ROBINSON: I think I can answer that question. The farmer does not necessarily want to rush the grain on the market when he knows that by doing so he will depress the price. The average creditor whether a banker, an implement dealer or a storekeeper, if he knows his customer is not likely to lose by holding the grain, he will not bring the same pressure to bear on him to force him to get it out. I have stated that under ordinary circumstances, the farmer without any pressure will be forced to market sufficient grain to meet expense and liabilities in the way of wages, threshing, twine and that sort of thing. The banker who has given accommodation, if he knows his security is so much better by the knowledge that the value of the commodity that the farmer has to sell to meet that liability will not deteriorate and become lower, he will not press for a thing that he knows is safe or more secure under the present market conditions.

Mr. SUTHERLAND: If the argument is advanced that he is disposing of wheat at a loss his financial obligations would force him to clear it out.

Mr. ROBINSON: Possibly.

Mr. BROWN: Did not you advance a reason for the farmer wanting to market his wheat slowly? They can market their wheat much more cheaply in the winter months than in the fall.

Mr. ROBINSON: I think I stated by allowing the farmer to prepare his ground for the following year's crop he would be able to market the grain himself without hiring high priced labour to do it.

Mr. McCONICA: Would you place before the Committee the manner in which our wheat is consumed, that it is not ground by itself but it is used the year round for blending purposes and for that reason it must be marketed slowly. What proportion is used for blending?

Mr. ROBINSON: I would say the bulk of the grain is exported to the Old Country, in fact, almost all of it would be used for blending there. I imagine the grain grown in Ontario and other Eastern provinces would require some western grain for blending purposes, too. I do know that a large percentage, if not all of it is used for blending in the Old Country.

[Mr. James Robinson.]

Mr. BROWN: Was there any undue interference with the normal marketing or was there not sufficient marketed at any one time to meet the ordinary needs of the trade?

Mr. ROBINSON: I never heard of such a thing.

Mr. ANDERSON: The object of the Wheat Board I take it is to hold the wheat for the higher prices and to enable the Western farmer to hold it until the higher prices obtain. Have you ever talked over how much advance he would require on the price of his wheat under the Wheat Board.

Mr. ROBINSON: I think the hon. gentleman has misunderstood me if I said that the object of the Wheat Board would be to hold all the wheat. If I said so I did not intend to say it, but what I did say, and what I do say that at certain seasons of the year the supply of grain exceeds the actual consuming demand for it and when the market had received sufficient for its need, instead of dumping it at any price they would withhold sales for a very short period until the prices steadied again.

Now regarding the advances, under the late Wheat Board we had men in charge of exceptional business ability, men of very extensive and very thorough knowledge of the grain trade and they used that knowledge in the actual disposal of the grain. They would not be in position supposing they were appointed to-morrow, to tell this Committee what they would advance. They would want to get information regarding the world's crop, the world's conditions, and they would use the common ordinary sense they would use in handling the grain under the present conditions. They would estimate how much they could safely advance to the farmer and they would make that advance. They would sell the grain, they would not be likely to hoard grain until they would have enormous quantities on hand. They would dispose of it the way they would if they were running an ordinary export business of their own.

Mr. ANDERSON: Then a man, no matter how well protected he might be in the market sometimes makes a mistake. Providing they did advance more than they would sell the grain for, who would take care of the loss?

Mr. ROBINSON: The farmers themselves. You will remember that under the Wheat Board a certain price was set early in the season and a higher price later. I am not sure if that will apply to the street, but it did to the miller. Supposing they make an advance higher at first than they thought the whole crop would bring. Naturally on the grain that had not been marketed they would make a smaller advance. I don't think it would be likely that they would make an advance at the first provocation that would be greater than the average value of the grain.

Hon. Mr. STEVENS: I agree with Mr. Robinson that it is a very unlikely eventuality, but it would be impossible to recover from those to whom the advances had been made anything that was in excess of the final price. It would not be possible to recover from them, would it? I think it is an eventuality which will not occur.

Mr. ROBINSON: If you insist on asking my opinion on possibilities I have to repeat as I said before, anything is possible.

Hon. Mr. STEVENS: We will just put a hypothetical case. Supposing the world market next year was pretty short of wheat and the prices went we will say—at least the reasoning based upon the world market would be \$2. They fixed a price of say \$1 and upon that they brought wheat. In the middle of the season, for some reason or other the price went below \$1.50, and say at the end of the year they wound up with \$1.35 as an average. Those who had received the participating certificate at the original price and had marketed their wheat early would be in possession of \$1.50. You could not recover from them the 15 cents.

Mr. ROBINSON: It would be difficult. I could not conceive what would happen.

An hon. MEMBER: Let me suggest that a better way out of that contingency would be for the Wheat Board to be carried on a second year and those people who had not

[Mr. James Robinson.]

refunded the money would not be able to market it with the Wheat Board the second year.

Mr. McCONICA: As a matter of fact don't the elevators sometimes make you pay back an advance, have some of it paid back. I have done that.

Mr. ROBINSON: I wanted to draw your attention to one thing. Supposing the world's market would warrant the price of \$2 being considered the full value of the grain, and take the case the hon. gentleman mentioned that an advance of \$1.50 had been made. In the ordinary course of business, the advance of \$1.50 having been made on it, it would be sold at \$2. The 50 cents that was to the good could be used to offset any 15 cents.

Hon. Mr. STEVENS: That is not true but I don't think it is likely to occur.

An hon. MEMBER: That is exactly the system we have to-day. I deliver my grain from the machine to the elevator and I get \$2 for it and another man living ten miles away gets \$1.50 for it.

Mr. McMURRAY: Did I understand that the price of flour rose and fell with the price of grain in this country.

Mr. ROBINSON: Yes.

Mr. McMURRAY: So that if the farmers were getting higher prices for wheat in this country, flour would be at a higher price here?

Mr. ROBINSON: I think that is fair, but the point I want to make is this: flour does not go up and down daily the way wheat does, and if there should be a serious slump, say continuing for a week, as there has been, I don't think after that week when prices were up, you could buy flour from any miller on the basis of slump. I don't think anybody could deny the fact that if the world market warranted a price of \$2 in one season or at a period of the season and at another time could warrant it \$1, naturally the flour made out of \$1 wheat would be higher than the \$1 wheat.

Mr. McMURRAY: I understood you to say when wheat was low the price of flour would be at the price of wheat later on. It would move up with the price of wheat.

Mr. ROBINSON: In a general way that is true.

Mr. McMURRAY: Is it not true in a general way when you get a high price for wheat in this country your flour will be correspondingly high so if the farmers get the high price will not the consumer be obliged to pay the high price for flour in consequence?

An hon. MEMBER: Does it just stand for granted that the Wheat Board would be the cause of the rise of that price to the consumer? Would it positively result that the rise of the price of flour to the consumer would be caused by the Wheat Board?

Mr. ROBINSON: Not by the Wheat Board at all, no.

Mr. SALES: Isn't it a fact when we were getting \$2.53 for No. 1 wheat the flour at that time was \$7.25 or \$7.50 a sack, and this year we have been selling our wheat at 80 cents a bushel in October and we paid \$4.15 for flour? That means that during the operation of the Wheat Board in one year three bushels of wheat would buy a sack of flour. It means now that it would take five bushels of wheat to buy a sack of flour.

Mr. ROBINSON: That is about correct, I think.

Mr. JOHNSON: Isn't it a fact that as the price of wheat goes up the price of flour goes up? I understand that was Mr. McMurray's suggestion. Did you not say, or I think Mr. Woods said this also that the operations of the Wheat Board would not affect the ultimate price of the wheat when it gets to the ocean, and that the object which you seek to obtain is not in raising the price on the other side up higher, but in narrowing the difference between the two and regulating the flow.

[Mr. James Robinson.]

Mr. ROBINSON: I think I stated earlier at this meeting that one of the principal results expected from the re-establishment of the Wheat Board would be in putting into the farmers' pockets the money that we believe now goes into those speculators' pockets.

Mr. JOHNSON: During the operation of the Wheat Board, did they deal directly with the Old Country firm, or did they deal directly with the merchants of Montreal?

Mr. ROBINSON: With reference to the actual detail working of the Wheat Board I think I could answer that question but I would prefer not to, because I am a friend. It is the intention of this Committee to examine Mr. Stewart and Mr. Riddell, the men who had actual control of the handling of grain. Now I think I could answer that question, but I would ask to be relieved, because I think it would be much better for the members of this Committee to get this information from the various sources, where they can rely on it as being absolutely accurate. Now they can give you first-hand information regarding the details of the handling of wheat.

Mr. FORRESTER: Is there as much money got in speculation as there is made?

Mr. ROBINSON: I could not answer that question. If you say it is a fact it may be, but we do believe that large sums of money have been gained by speculators and we do believe that.

Mr. FORRESTER: One successful man skins thousands.

Mr. ROBINSON: Possibly, and we object as representatives of the farmers to having the farmers among those thousands.

Mr. MILLER: Could the Wheat Board make any better rate across the lakes than are made at the present time by the private companies, and in your opinion, if you answer that they could would it have any effect on the amount of grain passing over Canadian channels as compared to what it is at the present time? About forty per cent I think passes through American channels. Would that be changed in any way in your opinion?

Mr. ROBINSON: That is another question I would suggest you leave for those gentlemen because it is a much more important question than appears on the face of it, and if the hon. gentleman would just agree to wait until those other men would come before you they have had experience and they could answer it in a much better way than I could. As you must remember the control of rates on the lakes is not under the Railway Board and it is a matter of negotiation as to what rate you get any time. There is really no such thing as a fixed rate for lake transportation.

Hon. Mr. ROBB: In connection with the rates and cost of handling wheat, could you tell the Committee the rates for storage that the elevators received during the period the Wheat Board was operating, and also the rates they receive to-day.

Mr. ROBINSON: At what point do you refer?

Hon. Mr. ROBB: I would like to know the rate allowed for taking in grain and storing it for the ten to fifteen-day period, and the rate you are giving to-day?

Mr. ROBINSON: The Wheat Board had nothing to do with that. That is a matter that is controlled by the Grain Commission.

Hon. Mr. ROBB: What was the rate at that time?

Mr. ROBINSON: The maximum rate at that time was $1\frac{1}{2}$ cents. That included fifteen days' free storage, and then the maximum rate was $\frac{1}{10}$ th of a cent per day. I do not think what the hon. gentleman has asked is what is in his mind. There was a carrying charge allowed by the Board that would cover interest on the money invested, and insurance. I could not give you a correct answer as to that.

Mr. ROBINSON: Pardon me, they did. The grain was handled by precisely the same methods as it is to-day.

An hon. MEMBER: And financed in the same way?

Mr. ROBINSON: Yes; but the Wheat Board had nothing to do with elevator charges in the country. It did make provision for a carrying charge which would cover interest and insurance. That, of course, would depend entirely on the value of the grain.

Hon. Mr. ROBB: You could not tell us what that rate was?

Mr. ROBINSON: No; I think Mr. Lambert could tell you.

Mr. SALES: I think what Mr. Robb has in mind is the spread between the load and the special bin business.

Mr. ROBINSON: I think it would be wiser to afford us an opportunity of furnishing these figures so that the information given here may be as accurate as possible. I can say, however, that the interest and insurance charges would be affected largely by the value of the grain. It would cost more to insure a bushel of grain worth \$2 than a bushel of grain worth \$1, and the same principle would apply to the interest on the money invested.

Hon. Mr. STEVENS: A little while ago you made the statement that the great majority of the farmers and grain growers of the Prairie Provinces were wholly in favour of the re-establishment of the Wheat Board. I think that is a pretty accurate statement, because I know from inquiry while passing through the prairies that many are in favour of re-establishing the Wheat Board, but I would like to ask you this question—

Hon. Mr. ROBB: Mr. Stevens, will you permit me to interrupt you in order to ask Mr. Robinson this question: What are the storage rates charged to-day for a ten or fifteen-day period in country elevators?

Mr. ROBINSON: I can give you the maximum rates. Those rates are not uniform because an elevator company may charge any rate it likes provided it gives the same rate at every elevator—I mean any rate under the maximum set by the Grain Commission.

Hon. Mr. ROBB: What is the maximum?

Mr. ROBINSON: For wheat, 2½ cents. That includes handling the grain, taking it into the elevator, storing it up to fifteen days if necessary, insuring it and shipping it. For any period after the fifteen-day period the rate is 1/30th of a cent per day.

Hon. Mr. STEVENS: The question I am about to ask you, Mr. Robinson, was put to Mr. Woods, and he was good enough to give me an answer: In regard to the preponderance of opinion in favour of re-establishing the Wheat Board, do you think it is fair—I will use that word—to the minority who might differ, frankly, from the others, and desire to market their grain personally, to force them by the compulsory measures which are characteristic of the Wheat Board?

Mr. ROBINSON: It really makes no difference, because they are now forced, as Mr. Woods pointed out, to market the grain through certain channels whether they like it or not. It is true they have a choice as to the fifteen, twenty or thirty or whatever number of firms may be operating on the Grain Exchange, but they must market it through them, and I would answer your question by asking this question: Would it be fair to the majority of the farmers who earnestly desire the re-establishment of the Wheat Board to force them to sell their grain because a minority of the farmers objected to it?

Hon. Mr. STEVENS: As I said this morning, I do not desire to argue the matter. I am trying to get to the point that, in my opinion, necessitates this whole question.

will materially assist in securing my support to the re-establishment of the Wheat Board. It is not a question of majority or minority. In the ordinary transactions of public affairs it is certainly the practice or custom to permit the majority to rule, but here we are invading a man's personal, individual right to handle his own good, and that is, perhaps, the most important feature involved in this proposal. There is a large number who question the actual right of any Government to interfere—except in such exigencies as war—with their privilege of marketing their own products. Permit me to give you an illustration of what I mean: I met a gentleman the other day who has for many years been engaged in the business of wheat-growing and general farming, as had his father before him. For a period of perhaps forty years they have done what many gentlemen in this room have done, built up a competency. They now have a fine farm which is valuable. They have their own threshing outfit; they study their business. In the first place, they farm their land so as to get their crop off it as early as they possibly can. They own their own threshing outfit and thresh their own grain. They realize from experience that by getting their grain off early they can get a higher price for it. Should not that be their privilege? If they can by skill, application, study, and long years of toil, and perhaps privation in their early days, arrive at their present position, should it not be their privilege to reap that advantage if they can do so?

Mr. ROBINSON: Your example raises a question that applies to practically every Act of Parliament. It interferes with what somebody thinks is his special privilege. I do not know of any country in the world that may be called civilized where every man can do just what he likes. Regarding the compulsion, I think it is right from the point of view of the general good to disregard any man who, for some fancied reason, may say "I will not do this because I can do it in a better way." I do not think that should be considered, but I do want to point out that my impression is that with the Wheat Board handling the grain as they did before, such a man's idea of doing better would be a fallacious one. I have been trying to emphasize the fact that this slumping, when the big delivery was forced on the market, was one of the main causes of the depression in price. If these slumps did not occur this man would not get any better price.

Mr. FORKE: I cannot agree with you.

Mr. ROBINSON: That is your privilege.

Mr. FORKE: I happen to be in exactly the position of the gentleman to whom Mr. Stevens made reference. I live in the southern part of the Province of Manitoba. I have a fairly large farm and own my own threshing outfit. Personally, I am satisfied that I will not, on the whole, do any better under the Wheat Board. At the same time, I would like to tell Mr. Stevens that I do not know a single farmer in the same position as myself in the Province of Manitoba who is not quite willing to fall into line so that the body politic all over may be benefited.

Mr. FORRESTER: We know that foodstuffs and breadstuffs are gambled on in many different Bourses all over western Europe, in fact, all over the world, and I fear that if the Wheat Board was formed in Winnipeg or in Western Canada and they got a big quantity of grain on hand—which probably would accumulate—they would just be a big fat goose for the Bourses to pluck. There is a danger that you would get less instead of more. That is what I fear. At the same time, the interests of Canada are involved in the price of wheat more than in anything else. If you

Mr. ROBINSON: From Ontario and also from New Brunswick, but not from Quebec. The Secretary is here and can answer those questions.

The hon. MEMBER: I was going to ask if the Canadian Council of Agriculture had registered any objections to the compulsory feature of the Wheat Board operations.

Mr. HALBERT: I think that some of the questions that have been asked are hardly fair. There seems to be a disposition on the part of some of the hon. members to criticise the farmers. When other delegations come here they do not take up the same attitude. All that the farmers are asking is fair play.

Hon. Mr. STEVENS: Surely my hon. friend is not objecting to the moderate questions that have been asked here this afternoon. The same point was raised this morning by Mr. Crerar and I must protest against any suggestion that in asking questions we are criticising the farmers. Nothing of the kind. The hon. member will have to examine the questions very closely before he can discover anything unfair in them. I rather resent these eternal suggestions that if we ask anything that deviates in the slightest degree from the theme presented we are in any way reflecting upon those who are presenting it.

The CHAIRMAN: I think it is the desire of the Committee and of the Government that absolutely the fullest and freest scope should be given in this investigation. While I am not a lawyer, and there are no lawyers here, and while perhaps I am not capable of defining the legal intricacies of the questions which may be put to the gentlemen who appear before us, I believe we will succeed better if we allow any questions to be put which hon. members desire to put so long as the gentleman answering does not object or feel that he is being imposed upon.

Mr. WARNER: I would like to ask Mr. Robinson if it is his opinion that if wheat could be advanced ten cents to the farmer by systematic economic management and by regulating the flow, it would be possible to advance one dollar. One hon. gentleman here made the statement that if you advanced it ten cents you could advance it a dollar.

Mr. ROBINSON: I do not think it would be possible. It is true that you can make the best of the price by an economic and proper handling and proper putting it on the market, but you cannot by any means that I know of increase the price of wheat at all by any noticeable sum. The saving would be in the proper handling, the proper feeding of the market, and in the sense of security and the confidence that it would give to the farmer in his present difficult condition.

Mr. STANSELL: I listened to the careful statement made by Mr. Woods and I understood him to say that if the Wheat Board could be in operation now it would put at least \$25,000,000 in the pockets of the farmers of the west. That is very important as it would enable them to purchase many things that are not purchaseable now. I believe that we should ask questions from every standpoint for one of the first things that would occur to the farmer would be the cost to the consumer. The working man does not produce any wheat. That is possibly the most important consideration next to the one we are considering. I would ask whether the \$25,000,000 which he says would be saved to the producer is a conservative estimate?

Mr. ROBINSON: Without going into figures, I would say that that would be a conservative estimate.

Mr. STANSELL: And that would be without raising the cost to the consumer one cent?

Mr. ROBINSON: I think that is a fair question.

Mr. STANSELL: If that is correct, if it would not increase the price by one cent to the consumer, we have one of the greatest objections taken away. We would accomplish two very great things by the operation of the Board if that is true. If there would be a gain of \$25,000,000 to the producers where would it come from?

Mr. ROBINSON: I have tried to answer that question two or three times, and I do not think that I should repeat it.

The CHAIRMAN: I would point out that it is six o'clock when we automatically adjourn and I would like to know when the Committee wishes to meet again and whom they wish to hear;

Mr. SALES: I move that we meet to-morrow at eleven o'clock to hear Mr. Robinson further and then Mr. Maharg.

Mr. MILLAR: Connected with the statement in regard to the price to the consumer, I have a very brief statement which I would like to make;

The CHAIRMAN: If you would allow us to decide the question of the next meeting and whom you wish to hear, the Committee, I think, would give you a minute or two to make your statement.

Mr. GARLAND: Did not the report of the sub-committee set out the procedure which we were to follow? We were to hear the two representatives of the Council of Agriculture and then representatives from other bodies. The milling interests and the grain exchange were mentioned.

The CHAIRMAN: The milling interests were next.

Mr. McKAY: Are we to have no representatives of the retailers?

The CHAIRMAN: The question to decide now is whether we shall meet to-morrow and whom we shall hear. The sub-committee will decide any other questions. Is it the desire of the Committee to sit to-morrow and hear Mr. Maharg?

Some hon. MEMBERS: Yes.

The CHAIRMAN: Will Mr. Maharg be here to-morrow?

Mr. MAHARG: Yes.

The CHAIRMAN: Is it the pleasure of the Committee to meet at 11 o'clock to-morrow?

Some hon. MEMBERS: Agreed.

Mr. MILLAR: I am anxious that this statement should go down because it bears directly on the question of increase or otherwise in the price. This occurred a year ago last winter. A man took a car of wheat to the mill, and taking into consideration the price of his flour which he received, the shorts which he received, the brans which he received and the price of wheat at that time, and even after taking out his toll he made one dollar per bushel on thirty bushels, a trifle over one dollar a bushel. From that I think you will see that at a time when there was no Wheat Board controlling there was an enormous profit between the price of the wheat and the price of the flour.

Mr. SUTHERLAND: I am sure we all appreciate the very fair manner in which Mr. Robinson has discussed the matter. He has enabled us to look at it from a different standpoint. But I would just like to ask him this question: We all realize that the re-establishment of the Wheat Board might have a very disturbing effect on the business of the country. If the Wheat Board is a good thing, would it not be

Mr. ROBINSON: I would just point out that those who are representing the Council of Agriculture were instructed to press for a certain thing, the re-establishment of the Wheat Board to handle the 1922 crop.

Mr. SUTHERLAND: Will you not give us your personal view?

Mr. ROBINSON: My personal view has been expressed. In my opinion it requires a year's operation when the price may be expected to go down as well operation for a year when the prices were going up. Many of the farmers would say that it was a terrible mistake not to give them a trial of handling the grain when it was going down. We wish to give the Wheat Board a fair trial before saying whether we should dispense with it altogether or whether we should ask for it permanently. We should have at least another year's experience.

Hon. Mr. ROBB: Does that mean that you anticipate a declining market this year?

Mr. ROBINSON: No, not necessarily, but it did apply to the possibility when the Wheat Board was relieved from its position. No one expected—at least I do not know of any farmer who expected—that the price which prevailed during the year when the Wheat Board was in operation would continue. They expected some lowering of the price, but I want to say frankly that they never contemplated they never expected the very material slump that took place under the open market.

The Committee adjourned until Friday, April 7, at 11 o'clock a.m.

SELECT STANDING COMMITTEE

ON

AGRICULTURE AND COLONIZATION

Minutes of Proceedings and Evidence



SELECT STANDING COMMITTEE ON AGRICULTURE AND COLONIZATION

MINUTES OF PROCEEDINGS

FRIDAY, April 7, 1922.

The Committee met at eleven o'clock a.m. Present:—Messieurs Kay (in the Chair), Anderson, Arthurs, Baldwin, Bowen, Brethen, Brown, Cahill, Caldwell, Campbell, Charters, Chew, Clifford, Crerar, Dickie, Evans, Fontaine, Forke, Garland (Bow River), Good, Halbert, Hatfield, Hubbs, Hunt, Johnson (Moosejaw), Knox, Leader, Lovett, Lovie, Lucas, MacKelvie, MacLean (Prince), McConica, McCrae, McKay, McMaster, Malcolm, Maybee, Millar, Milne, Morin, Morrison, Motherwell, Niell, Ouimet, Papineau, Rankin, Raymond, Robb, Robinson, Sales, Savard, Sexsmith, Sinclair (Queen's, P.E.I.), Spence, Stevens, Stewart (Argenteuil), Sutherland, Tobin, Tolmie, Warner, White, Wilson, Woodworth.

Mr. J. A. Maharg, of the Executive of the "Canadian Council of Agriculture," was in attendance and gave evidence on the re-establishment of the Canada Wheat Board. Witness retired. Committee adjourned to meet on Tuesday, April eleventh at eleven o'clock a.m.



FRIDAY, April 7, 1922.

The Select Standing Committee on Agriculture and Colonization met at 11 o'clock, the Chairman, Mr. W. F. Kay presiding.

The CHAIRMAN: Gentlemen, your sub-committee has met and makes its report.

"Your sub-committee beg to recommend that Mr. Watts and Mr. Rice of the Dominion Milling Association be heard on Tuesday next at 11 o'clock."

Is it the pleasure of the committee to adopt this report from the sub-committee.

Motion agreed to.

We will have the pleasure of listening to Mr. Maharg this morning. To many members of the House who were here since 1917 Mr. Maharg is well known and probably to the western men he is equally well known, and he does not need any introduction.

Mr. J. A. MAHARG: Mr. Chairman and gentlemen of the committee, I wish to assure you that it is really a pleasure to mingle with the committee again although in a different capacity. In regard to the matter before the committee it would

better position by having the Wheat Board re-established. There may be individuals. Of course you will always find that, but up to the present, I have not yet met a single individual personally that has given any sign of opposition to it, either as a producer of grain, as a consumer, or as a business man in the West. True, there was one man at our convention in Canada out of 1,500 or 1,600 delegates and farmer representatives visiting the convention when this resolution was passed and there was just one individual out of that entire group that held up his hand in opposition to the re-establishment of the Wheat Board. I think that would show that the opposition to the compulsory part of it is very slight indeed, and the argument of the two farmer speakers here I think must be taken as conclusive that we are even now under a compulsory system. In so far as the consumers are concerned, they have not had a representative here as yet. I don't know whether they will or not. But I think we can take the Board of Trade in the West at least, as fairly representative of the consumers.

I have here a resolution passed by the Associated Boards of Trade of the province of Saskatchewan, I am informed that the Associated Board of Trade of Alberta is taking similar action although their conclusions have not reached here yet. I am also informed that the Winnipeg Board of Trade is taking similar action. I am not prepared to state what their conclusion will be, but I have here a resolution passed by the Associated Boards of Trade of the province of Saskatchewan which includes Regina, Saskatoon, Moosejaw, Prince Albert, Yorkton, North Battleford, Weyburn,

And they propounded a number of questions and asked them to answer them. Among other things that they state is the price of flour to the consumer and this is what they have to state in regard to that.

"(3) The price of flour to consumers bears a direct relationship to the prevailing price of wheat, but flour prices invariably do not follow day to day fluctuations in the wheat market. Three-quarters of the farmers' wheat is marketed during a period of three months, at the beginning of the season, when the price of wheat usually is depressed. During the remaining nine months the tendency has always been for the price of wheat to ascend to higher levels, with the result that the producer only gets the benefit of the prevailing higher prices for the remaining quarter of his season's crop. The consumer, on the other hand, pays for his flour on the basis of current prices for wheat. Therefore, if as a rule the wheat market inclines to low levels during three months of the year, and to high levels during nine months of the year, because the bulk of the producers' wheat comes on the market in the shorter period, it would be to the advantage of the consumer, as well as the producer, if the

will prevent this sag in the market, if it will do that then we will be very well satisfied, even if it has not any very appreciable effect on the world market. Now, the same conditions prevailed this year. In the season, about the time deliveries started, wheat was selling around \$1.50 a bushel in store at Fort William. As soon as delivery started to become rather heavy, it started to decline, and it went down. The May option, which is the option market, which is the market that the large bulk of the western wheat is sold in, it went down to as low as \$1.07, then again as usual, after the seventy per cent of wheat, as stated in this report which I have read to you was marketed, it starts going back up again and it almost touched \$1.50 again the wheat went to \$1.50. The option went to \$1.47, something like that. That is what we are trying to accomplish, to prevent a sagging market at that particular time.

It was explained yesterday that having the one selling agency the wheat can be marketed according to the requirements from day to day. There are only two actual purchasers of wheat, that is the exporter and the miller. The exporter and the miller

anticipate their purchases to a certain extent, and they have to get that wheat forward to the head of the lakes in order to fill their contracts for the month for which it is bought. Consequently, they have to forward their wheat to the head of the lakes as well. The financing of the situation compels that sale, if for no other reason, as they have to secure their money through the banks, and they have to make a turn-over as quickly as they possibly can. The Stewart-Riddell report refers to that. It states:—

“Through lines of credit with the banks each department of the grain trade endeavours to conduct its operations and to conduct them so rapidly that their business resolves itself into a series of turn-overs during the crop season. The average western crop requires approximately \$100,000,000 of credit with the banks to ensure its movement. This money is loaned to elevator companies, commission merchants and track buyers, each of whom as we have shown, performs his own particular work in moving the crop. Even with the

Then, a question arose yesterday, I believe, as to the board disturbing present conditions. It might not be clear to the committee just to what extent that disturbance would be felt. There is only one line of legitimate grain trading that was interfered with during the operations of the board in any way whatever, and that was the exporter. True, the exporter was put out of business, as it were, but it must be remembered that the exporter has nothing at stake, that is so far as capital expenditure is concerned. Many exporters have not a dollar at stake other than their stationery, or the furniture in the office which they occupy. The largest investment, so far as capital investment is concerned, would be in their furniture and fixtures. No other line of legitimate trade was interfered with in any way whatever. The elevator companies carried on their business and were given a fair margin of profit. I know whereof I speak because we are operators ourselves, having probably the largest

concerned, they are asking for the Wheat Board because they are convinced that it is the only measure that will meet the situation at the present time. At the time that this Stewart-Ridell report was drafted the situation was not nearly so acute as it has been since; yet this is what the report has to say as to the different methods:—

‘In the first place, we believe that the most perfect form of a centralised

condition had entirely changed, and instead of purchasing apples by the box they would purchase them in twenty-five cent or fifty cent lots to take home for the kiddies, perhaps, but buying in large quantities immediately ceased. The result was this merchant found himself in this position that he had placed orders for certain quantities which he had believed he would be able to dispose of, and was not able to do so, and his financial condition was thereby

bear upon the government, and I know it was only after the fullest explanation and consideration of the question that they were able to convince those people that it would not be a good thing for them at that particular time. The situation went from bad to worse and the demand continued, and it was only when the government got together the different financial, manufacturing and wholesale interests and discussed the matter,

the two previous sessions, but if not I shall be glad to answer to the best of my ability any questions you may desire to ask

Hon. Mr. ROBB: Have you any idea what those men do when they return to the

elevator, but the local elevator—at least we know by experience ~~that we can only pay~~

"On reference to the schedule you will note that in 15 months only out of the 54 months covered would there have been any average profit for the farmer who held his wheat after November each year, and the average results over the six-year period may be summarized as follows:

Holding and selling in	December..	4.2	cents
" "	January..	3.3	"
" "	February..	3.3	"
" "	March..	3.2	"
" "	April..	1.8	"
" "	May..	1.7	"
" "	June..	1.6	"
" "	July..	0.5	"
" "	August..	3.7	"

Mr. MILLAR: You understand this grain problem very thoroughly, Dr. Magill, but it is not easy for the rest of us to follow you just as fast as you proceed. They say the farmer lost 4.2 cents in one month and 3.5 cents in another month, and so on. Does that mean the farmer would lose if he held his wheat from September and sold it in November?

Dr. MAGILL: That is if he had refused the average in the first three months.

Mr. MILLAR: The first three months?

Dr. MAGILL: Yes.

Mr. MILLAR: And sold it when?

Dr. MAGILL: In the month named. I think the proper dividing line is the close of navigation. The Chartered Accountant of whom I spoke wanted instructions. I said "I will give you none." I think he took a pretty generous view of my opponents and charged nothing for interest or carrying charges until the close of navigation, thus estimating the average higher in the first three months. He began his carrying charges only in December. In addition to these charts I have the Chartered Accountants' report, and if it is in order I will place it on the files of this Committee.

The CHAIRMAN: Gentlemen, is it the wish of the Committee that this report by the Chartered Accountant to whom Dr. Magill has referred be printed in our Minutes?

Agreed. (See Appendix Exhibit 1.)

Dr. MAGILL: There are one or two further remarks I would like to make, and then I shall be ready to answer any questions which I am able to answer. Our low months are supposed to be the months up to the close of navigation. Our grain belt is, as you know, just a continuation of the grain belt from the Gulf up. The political boundary line does not affect the wheat. What are the low months in the State of Kansas? The low months that the Kansas farmer complains of begin in August. I have heard and read speeches made by farmers down there to the effect that when they were delivering the wheat it was always low. Take our whole belt, the low period must be from August to the close of navigation. I received a book not very long ago from the Argentine. They had no elevator system and no grain exchange system, as we understand it. The farmer rents his farm and when he cuts his wheat he delivers it to a grocer or local storekeeper who gives him goods in return. They complain that when they are delivering their wheat it is always cheap, and their low periods are in January and February. The Australian farmer complained about the same thing, and his low period is in January, February and March. If you go to India, you will find exactly the same complaint. There is not a wheat-producing country in the world where the same story is not heard, and it covers the whole round of the calendar year. When is wheat high? On this argument Mr. Sales ought to go down to the Argentine and see if he could strike the high price level in January,

[Mr. Robert Magill.]

When taking into consideration the price of flour, there must of necessity be considered the price of bran and shorts. For every one dollar decrease in mill feeds per ton a corresponding advance of $2\frac{1}{2}$ c. per barrel must be made on flour or vice versa. We quote below prices on bran and shorts in dollars per ton packed in 100-pound jute bags:

Medicine Hat—

	Oct. 31		Nov. 30		Dec. 31	
	Bran	Shorts	Bran	Shorts	Bran	Shorts
1919..	\$40 00	\$50 00	\$40 00	\$50 00	\$37 00	\$44 00
1920..	41 00	46 00	36 00	41 00	33 00	35 00
1921..	15 00	17 00	17 00	19 00	19 00	21 00

Saskatoon—

1919..	40 00	50 00	40 00	50 00	38 00	45 00
1920..	42 00	47 00	37 00	42 00	34 00	36 00
1921..	15 00	17 00	17 00	19 00	19 00	21 00

The prices quoted above both on flour and feeds are the list prices in effect by the mill located at these points and millers who are located at outside points must meet these prices to do business. The reverse also applies. There seemed to be some misunderstanding on this point.

In answer to a further request, we are quoting below flour prices at Montreal. These are the net cash price per bag packed in 98-pound jute bags and for purposes of uniformity 1919 quotations are on Government Standard Flour and 1920 and 1921 are for Second Patent Flour:

Montreal—

	Oct. 31	Nov. 30	Dec. 31
1919..	\$5 45	\$5 45	\$6 57 $\frac{1}{2}$
1920..	6 20	5 25	5 15
1921..	3 50	3 45	3 45

Bran and shorts on the same dates were as follows:—

Montreal—

	Oct. 31		Nov. 30		Dec. 31	
	Bran	Shorts	Bran	Shorts	Bran	Shorts
1919..	\$45 00	\$52 00	\$45 00	\$52 00	\$45 00	\$52 00
1920..	40 00	45 00	40 00	42 00	40 00	42 00
1921..	21 00	23 00	23 00	25 00	26 00	28 00

COST OF MANUFACTURE

With regard to the cost of manufacture we quote here below the actual manufacturing cost per barrel of a 1,500-barrel mill which, in our opinion, is truly representative of the average commercial mill:

September 1, 1919, to August 31, 1920, \$1.19.68 per barrel, 196 pounds.

September 1, 1920, to August 31, 1921, \$1.00.72 per barrel, 196 pounds.

Note—

1. Wages and salaries practically the same in both years. If any difference slightly higher in 1920-21.
2. Production in 1920-21 was 71,329 barrels over 1919-20.

Q. Now, there is another point, Mr. Riddell, that I want to get at, because this is rather important. As to the spreads in grain during the operation of the Wheat Board, the spreads between 1 and 2—A. Yes, sir, I understand.

Q. Between 2 and 3, 3 and 4, 5 and 6, and tough; can you give us that, or have you it with you?—A. Well, those are all contained in the regulations of the Board. If you wish me to look them up I could find them, but they are a matter of record, and I presume that the regulations—

Q. Let me quote you a figure. On September 1, I find that in Fort William No. 1 was \$1.59.4, No. 2 was \$1.52.4, that is, 6 $\frac{1}{2}$ between 1 and 2—A. Yes, sir.

Q. Between 3 and 4 it is 15 cents a bushel, between 4 and 5 it is 15 cents a bushel, and between 5 and 6 it is 15 cents a bushel. Now, there is no quotation here for tough wheat, but as I understand it, when the Wheat Board was in operation these spreads were definitely fixed, and you sold your wheat at the same spread that you charged the farmer; is that right?—A. Yes, sir.

Q. Now, if you can give us any idea of what spreads were in operation during that year, we will get an idea of what advantage it was to the farmer in this connection?—A. You will have to excuse me a moment while I look them up, because I am not—

An hon. MEMBER: Will you tell the Committee the difference in spread between 1 and 3, contract grades?

Mr. SALES: On September 1, 9 cents. They vary in different periods. On October 15, here is No. 1 at \$1.30, and No. 3 at \$1.13. There is 17 cents there between 1 and 3 on October 15.

The WITNESS: I have the regulation here covering the first 3 grades. There are some subsequent regulations covering the lower grades. As between 1 Northern and 1 Hard, and No. 3—those are contract grades—there is a spread of 7 cents, 7 cents a bushel.

By Mr. Johnson (Moosejaw):

Q. That is two grades?—A. There is 3 cents between 1 and 2, and 4 cents between 2 and 3, an aggregate spread of 7 cents. What was your other point, Mr. Sales?

By Mr. Sales:

Q. Then there was a spread, of course, between 4, 5 and 6, but the spread on tough especially, I think it was 8 cents?—A. I do not think it is so much; I think it is 6; I am not sure. Six cents on the first three grades. This is regulation No. 25 on page 82 of the Report. Low grade tough is \$2.09, that is low grade tough No. 1 Northern.

Q. Six, then, is less than the \$2.15?—A. Yes. Low-grade tough No. 2 is \$2.06, and low-grade tough No. 3 is \$2.02. Each of them, I believe, are 6 cents under the straight grades.

Q. Now, what is it on the average spread between tough and No. 1 Northern without the Wheat Board?—A. Well, it is very, very considerable; I would not be able to give you an intelligent answer to that unless I looked up the records.

Q. There is no tough?—A. They are easily ascertainable, and I would only be venturing an opinion that would not convey a correct impression.

Q. It has been 12 cents?—A. It might be easily 12 or 15; it might be 3 or 4, depending on conditions.

By Mr. Duncan:

Q. What effect would the Wheat Board have upon the small millers of Ontario and Quebec? I live in a locality where there are four or five small mills around and they claim that during the last Wheat Board they all lost money.—A. That would

[Mr. F. W. Riddell.]

that was grade No. 1 C, and turned over the balance of the wheat to the mills on receipt of the orders from the Wheat Board.

The CHAIRMAN: Are there any other members of the Committee wish to ask any questions of Mr. Riddell?

Mr. McMASTER: I think he has been on the chair long enough.

The CHAIRMAN: On behalf of the Committee I have much pleasure in thanking Mr. Riddell.

The WITNESS: I thank you gentlemen also, for the patient hearing you have given me.

The CHAIRMAN: I have a telegram from Mr. W. T. Moore, whom Mr. Duncan suggested would be an interesting witness. He was written to last week asking him if he could come down to-day or to-morrow. He replies:

"Letter received thanks. Impossible to be in Ottawa this week. Ontario Millers under old Wheat Board did not get fair deal. If Western Farmers must sell wheat early, and wish to speculate, the option market is open to them same as to millers, and grain dealers. Should be no objection to each province forming voluntary pool, but Federal Government should keep out of it.

(Sgd.) W. T. Moore.

Mr. JOHNSON (Moosejaw): Mr. Chairman, it would appear to me that if we have no other witnesses we should have a concrete proposal before us, something we can discuss in a very definite way. Unless somebody else has a resolution which they wish to put forward I would like to submit one. It may be accepted, it may be amended, or it may be entirely rejected, but I believe in being specific, and I have carefully drafted a resolution. Of course, it is along the line of accepting the things which we wish. That does not mean that this Committee is obligated to accept it. In that connection I would move—I do not know who will second it—without preamble:

"1. It is desirable in the national interests that the Government immediately create a National Wheat marketing agency similar to the Canada Wheat Board of 1919, for the marketing of the wheat crop of 1922, and that

2. This agency be given all the powers of the Wheat Board of 1919 as are within the jurisdiction of Parliament to grant, and that

3. An Act be passed, based on this Resolution, to become effective by Proclamation, as soon as two or more of the Provinces have conferred upon this agency such powers possessed by the Wheat Board of 1919 as come within provincial jurisdiction."

My idea in presenting this to-day is that the Committee may have it before them for a day or two to discuss it.

Mr. PRITCHARD: I second the motion.

The CHAIRMAN: Gentlemen, you have heard the motion, moved by Mr. Johnson, and seconded by Mr. Pritchard.

The Hon. Mr. MOTHERWELL: Not that it be carried, but that it be made the subject of discussion.

The CHAIRMAN: The procedure is that this Resolution shall be laid upon the table until our next meeting.

Mr. McCONICA: In order that it be discussed at the next regular meeting.

The Hon. Mr. MOTHERWELL: Yes.

The CHAIRMAN: The Committee will stand adjourned to meet on Thursday next at 11 o'clock.

The Committee adjourned at 5.45 o'clock p.m., until Thursday, May 11, 1922 at 11 o'clock a.m.